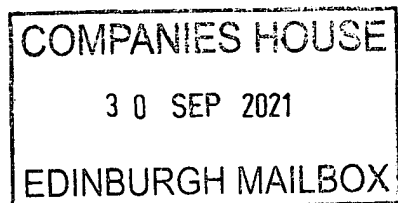


SIMEC USKMOUTH POWER LIMITED

Company Registration Number: 05104786

**Report and Financial Statements
For the year ended 31 December 2020**



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SIMEC Uskmouth Power Limited

Report and financial statements 31 December 2020

Officers and professional advisers

Directors

Andrew Dagley
Graham Reid – appointed 18 January 2021
Timothy Cornelius – resigned 18 January 2021

Secretary

Intertrust (UK) Limited

Registered office

Uskmouth Power Station
West Nash Road
Nash
Newport
NP18 2BZ
United Kingdom

Auditor

Ernst & Young LLP
Atria One
144 Morrison Street
Edinburgh
United Kingdom
EH3 8EX

SIMEC Uskmouth Power Limited

Directors' report

The directors present their annual report on the affairs of the company, together with the financial statements and auditor's report, for the year ended 31 December 2020.

SUP is a 393 MW Coal Fired power plant. On 3 April 2017, the plant suffered fire damage to its switch room and as a result, power generation has been suspended. The Company intends to convert the existing coal plant to a waste derived fuel generating facility with the view to bringing the plant to its full generating capacity. The principal activity of the Company in the period under review was the development of plans to convert the power station for power generation

The Company made a pre-tax loss of £8,734,000 (year ended 31 December 2019: £10,126,000) for the period on an overall turnover of £nil (period ended 31 December 2019: £nil).

At 31 December 2020 the Company had net assets of £29,848,000 (at 31 December 2019: £38,455,000).

Directors

The directors who served the Company during the period are shown on page 1.

The directors at the date of this report are also directors of the company's ultimate holding company, SIMEC Atlantis Energy Limited, incorporated in Singapore.

Results and dividends

The results for the year are set out on page 8.

No ordinary dividends were paid. The directors do not recommend payment of a dividend for the year (2019: £Nil).

Directors' indemnities

The company has not made qualifying third party indemnity provisions for the benefit of its directors.

Political contributions

No political donations were made by the company during the year.

Key risks and uncertainties

During the year, management considered the recoverability of its receivables and is confident that the carrying amount of the assets will be recovered in full.

SIMEC Uskmouth Power Limited

Directors' report

SFO Investigation

On 14th May 2021, the Serious Fraud Office (SFO) announced that it was investigating suspected activities in relation to the financing and conduct of the business of companies within the GFG Alliance. A major shareholder of SIMEC Atlantis Energy Ltd (SAE), SIMEC UK Energy Holdings Ltd, is a member of the GFG Alliance and so could potentially be within the scope of the SFO investigation. It is not clear at this time what, if any, impact this investigation may have on the GFG Alliance and therefore what, if any, impact it could have on our ultimate parent company, SAE. It should be noted that SAE has never had any financing arrangements with Greensill Capital UK Ltd, is not a member of the GFG Alliance, and is an independent company whose shares are admitted to trading on the AIM market operating by the London Stock Exchange.

Appointment of Receiver

On 18th May 2021, it was announced that a receiver had been appointed over SUEH. On 23rd July, the GFG Alliance has confirmed to the parent, SIMEC Atlantis Energy Limited, that the receiver's appointment has ceased, and the receivers have resigned as directors of SUEH. The GFG Alliance have also provided confirmation that they are in control of their shares in the parent, SIMEC Atlantis Energy Limited.

In response to the increased risks arising from developments in the parent company's major shareholder and the SFO investigation of the GFG Alliance, the Directors and the Group Audit Committee made further enquiries of management on the impact of these developments on the assumptions used in the cash flow forecasts, as well as the nature and completeness of recording and disclosure of transactions and balances with related parties that had taken place during the year. Following the enquiry, they were satisfied that the accounting for transactions with related parties were appropriate.

Auditors disclaimer of opinion

The external auditors were not able to obtain sufficient appropriate evidence over the key assumptions applied in management's going concern forecasts prepared for the period to 31 December 2022 due to the potential interaction of the material uncertainties (as outlined in Note 1) to be able to conclude that the use of the going concern assumption is appropriate and accordingly were unable to express an opinion on the Company and Group financial statements of the parent company.

Going concern

These financial statements have been prepared on the going concern basis. The directors are required to state whether it is appropriate to adopt the going concern basis of accounting in preparing the financial statements, and to identify any material uncertainties as to the Company's ability to continue as a going concern over a period of at least 12 months from the date of approval of the financial statements. The period of management's going concern assessment is the period to 31 December 2022.

The company is in a net current liability position of £27.134 million as at the financial year end (including amounts of £24.630 million due to it from related companies within the group) and the company requires parental financial support from Simec Atlantis Energy Limited (the "parent"). The parent has provided a letter of support confirming it will provide support for the period to 31 December 2022 where required.

The Directors of the Company have considered the ability of the parent to provide financial support, through directly reviewing the going concern assessment of the parent. The Directors have identified a

SIMEC Uskmouth Power Limited

Directors' report

material uncertainty in relation to the availability of ongoing financial support from the parent company that may cast significant doubt upon the Company's ability to continue as a going concern.

The Company financial statements do not include the adjustments that would result if the Company were unable to continue as a going concern.

Going concern assessment – parent

The parent company financial statements for the year ended 31 December 2020 were approved by its directors on 29 June 2021 having adopted the going concern basis of preparation. After reviewing the current liquidity position, financial forecasts and stress testing of risks and based on current funding facilities and considerations noted above the Board of Directors of the parent have a reasonable expectation that the Group has sufficient resources to continue in operational existence for the foreseeable future which is the period to 31 December 2022. As a result, the parent continues to adopt the going concern basis of accounting in preparing the Group financial statements.

The directors of the parent company identified 4 material uncertainties that may cast significant doubt upon the parent's ability to continue as a going concern. In summary, these are:

- Access to related party loans from SIMEC UK Energy Holdings Limited and SIMEC Group Limited. The parent has an existing drawn down facility of £2 million and undrawn facility of £2million as at year end.
- Uncertainty as to the expected proceeds of the third and fourth closings on the New Technology Capital Group, LLC funding due in 2021.
- Refinancing of the Abundance bonds (£4.8 million) due for repayment in June 2022
- Timing of the repayment of EU grant funding (€3.3 million)

Please refer to the full Annual Report of SIMEC Atlantis Energy Limited (which can be found at <https://simecatlantis.com/annual-report-2020/>) for details of the material uncertainties identified.

Material uncertainty in relation to going concern of the company

Taking the above going concern assessment of the parent into consideration, the Directors of the Company have identified a material uncertainty in relation to the availability of ongoing financial support from the parent company that may cast significant doubt upon the Company's ability to continue as a going concern.

Despite the material uncertainty, on the basis of the parent's going concern assessment, stress testing and consideration of the mitigations available (some of which are not within the control of management), the Board of Directors of the Company have a reasonable expectation that the parent has sufficient resources to provide ongoing financial support for the foreseeable future which is the period to 31 December 2022. As a result, the Board of Directors of the Company will continue to adopt the going concern basis of accounting in preparing the company financial statements.

The Company financial statements do not include the adjustments that would result if the Company were unable to continue as a going concern.

SIMEC Uskmouth Power Limited

Directors' report

Disclosure of information to the auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the directors are aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the directors have taken all 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 auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed. Ernst & Young LLP have expressed their desire not to continue as the Company's auditor for the full financial period although they will remain in office until such time as a replacement auditor is appointed.

Approved by the Board and signed on its behalf by:



Graham Reid
Director

29 September 2021

SIMEC Uskmouth Power Limited

Statement of directors' responsibilities in respect of the directors' report and the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SIMEC USKMOUTH POWER LIMITED

DISCLAIMER OF OPINION

We were engaged to audit the financial statements of SIMEC Uskmouth Power Limited for the year ended 31 December 2020 which comprise Statement of comprehensive loss, the Balance Sheet, the Statement of changes in equity and the related notes 1 to 24, 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 FRS 101 "Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

We do not express an opinion on the accompanying financial statements of the Company, because of the significance of the matter described in the basis for disclaimer of opinion section of our report we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

BASIS FOR DISCLAIMER OF OPINION

The directors have prepared the Company's financial statements for the year ended 31 December 2020 on a going concern basis based on the assumptions as disclosed in the basis of preparation set out in note 1. These financial statements show that, as at and for the year ended on that date, the company incurred a net loss after tax of £8.614 million the Company's current liabilities exceeded its current assets by £27.134 million, and the company had cash balances totalling £131,000.

The company is reliant on its ultimate holding company, SIMEC Atlantis Energy Limited (the parent) for continued financial support.

The financial position of the Company is intrinsically linked to the parent upon which it is reliant on for financial support. The audit opinion on the parent company financial statements was disclaimed as a result of the interaction of the above material uncertainties and the possible cumulative effect on the appropriateness of the going concern assumption used in the preparation of the parent company financial statements.

The Directors of the Company have identified a material uncertainty in relation to the availability of ongoing financial support from the parent company that may cast significant doubt upon the Company's ability to continue as a going concern.

The factors described above and the existence of multiple material uncertainties in the parent as described in the basis of preparation set out in note 1 relate to events or conditions that, individually or collectively, may cast significant doubt on the ability of the parent company to continue as going concern.

We are unable to form an opinion on the Company financial statements due to the reliance on the parent for financial support and the disclaimer of audit opinion on the parent company financial statements.

The financial statements of the Company do not reflect any adjustments that would be required should the Company be unable to continue as a going concern.

EMPHASIS OF MATTER – POST BALANCE SHEET EVENTS

We draw attention to the post balance sheet events note (note 24) of the financial statements, which describes the UK's Serious Fraud Office (SFO) investigation into the ultimate beneficial owner of the parent company's major shareholder. Whilst we are issuing a disclaimer of opinion, our opinion is not also modified in respect of this matter.

OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

Notwithstanding our disclaimer of an opinion on the financial statements, in our opinion, based on the work undertaken in the course of the audit:

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

Notwithstanding our disclaimer of an opinion on the financial statements, in the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

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

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the directors' responsibilities statement set out on page 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 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.

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the directors' responsibilities statement set out on page 7 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 responsibility is to conduct an audit of the company's financial statements in accordance with International Standards on Auditing (UK) and to issue an auditor's report. However, because of the matter described in the basis for disclaimer of opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

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.

EXPLANATION AS TO WHAT EXTENT THE AUDIT WAS CONSIDERED CAPABLE OF DETECTING IRREGULARITIES, INCLUDING FRAUD

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are UK Companies Act 2006, Income Tax Act, Energy Act 2008, Marine (Scotland Act) Act 2010 and Renewables obligation order 2009.
- We understood how SIMEC Uskmouth Power Limited is complying with those frameworks by obtaining and reviewing minutes of Board meetings, making enquiries of management, reviewing significant contracts, review for potential adverse media reports and testing manual journal entries.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by obtaining an understanding of the environment in which the entity operates, reviewing the group structure and understanding the policies put in place by management to prevent and detect fraud.

- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved performing a detailed review over journal entries, reviewing significant contracts, reviewing minutes of board meetings, making enquiries of management and a detailed review of cashbook transactions.
- As set out in Note 24, the UK Serious Fraud Office (SFO) announced on 14th May 2021 that they are investigating the ultimate beneficial owner of the major shareholder of the parent company, SIMEC Atlantis Energy Limited. In response to the increased risk in respect of related party transactions, in addition to assessing the company's processes and controls around the completeness of related party transactions (including reporting of such transactions to the Board of Directors), we involved our forensic specialists in designing extended procedures to analyse the company's bank accounts over the past two years to identify any unusual transactions with related parties. In addition, we extended our testing of manual journal entries recorded by the company for the year to 31 December 2020.

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.

Ernst & Young LLP

Julie Cavin (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Edinburgh

29 September 2021

SIMEC Uskmouth Power Limited

Statement of comprehensive loss For the year ended 31 December 2020

	Notes	Year ended 31 December 2020 £'000	Year ended 31 December 2019 £'000
Administrative expenses	4, 6	(9,231)	(10,195)
Other operating income	5	668	303
Operating loss		(8,563)	(9,892)
Finance costs	7	(171)	(234)
Loss before taxation		(8,734)	(10,126)
Income tax credit	8	-	146
Loss for the period		(8,734)	(9,980)
Other comprehensive income			
Gain on revaluation of property, plant and equipment	16	120	197
Total comprehensive loss for the period		(8,614)	(9,783)

The results in both periods relate wholly to continuing activities.

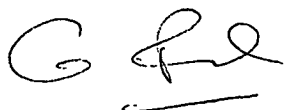
SIMEC Uskmouth Power Limited

Balance Sheet As at 31 December 2020

Company number: 05104786

	Notes	31 December 2020 £'000	31 December 2019 £'000
Non-current assets			
Property, plant and equipment	9	70,013	73,604
Right-of-use asset	10	-	7
		70,013	73,611
Current assets			
Inventories	11	861	864
Trade and other receivables	12	406	561
Cash and cash equivalents	13	131	251
		1,398	1,676
Current liabilities			
Trade and other payables	14	(26,505)	(21,817)
Loans and borrowings	15	(2,027)	(2,027)
Lease liabilities	10	-	(7)
Net current liabilities		(27,134)	(22,175)
Non-current liabilities			
Provisions	16	(13,031)	(12,981)
Deferred tax liabilities	9	-	-
Net assets		29,848	38,455
Equity			
Called up share capital	17	23,866	23,866
Revaluation reserve	18	17,748	17,628
Other reserves	19	16	9
Accumulated (losses)/profits		(11,782)	(3,048)
Total equity		29,848	38,455

These financial statements were approved by the board of directors on 29 September 2021 and were signed on its behalf by:



Graham Reid
Director

The notes on pages 15 to 36 form an integral part of these financial statements.

SIMEC Uskmouth Power Limited

Statement of changes in equity For the year ended 31 December 2020

	Share capital £'000	Revaluation reserve £'000	Other reserves £'000	Retained earnings £'000	Total £'000
At January 2019	20,081	17,431	-	6,932	44,444
Loss for the period	-	-	-	(9,980)	(9,980)
Revaluation of property, plant and equipment		197			197
Capital contribution from immediate holding company	3,785	-	9	-	-
At 31 December 2019	23,866	17,628	9	(3,048)	38,455
Loss for the year	-	-	-	(8,734)	
Revaluation of property, plant and equipment		120			
Capital contribution from immediate holding company		-	7	-	-
At 31 December 2020	23,866	17,748	16	(11,782)	29,848

The notes on pages 15 to 36 form an integral part of these financial statements.

SIMEC Uskmouth Power Limited

Notes to the financial statements For the year ended 31 December 2020

1 General information

SIMEC Uskmouth Power Limited (“SUP” or “the Company”) is a company limited by shares and incorporated, registered and domiciled in England and Wales under the Companies Act 2006. The address of the registered office is given on page 1.

The principal activity of the Company is power generation. It is the objective of the Company to significantly expand power production by converting the existing coal plant to a waste-derived generation plant.

The ultimate holding company is SIMEC Atlantis Energy Limited (“Atlantis”), a company incorporated in Singapore.

2 Summary of significant accounting policies

2.1 Statement of compliance

The Company financial statements have been prepared and approved by the directors in accordance with Financial Reporting Standard 101 ‘Reduced Disclosure Framework’ and Companies Act 2006.

2.2 Basis of accounting

The financial statements have been prepared on a going concern basis in accordance with the historical cost basis, except for certain property, plant and equipment and financial instruments that are measured at fair value at the end of the reporting period, as explained in the accounting policies below.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements, other than standards applied for the first time in 2020.

Functional and presentational currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The functional currency of the Company is Great British Pounds (“GBP”).

The financial statements are presented in GBP (£), rounded to the nearest thousand.

The preparation of the financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company’s accounting policies.

SIMEC Uskmouth Power Limited

Notes to the financial statements For the year ended 31 December 2020

2.2 Basis of accounting (continued)

The accounting policies which follow set out those policies which apply in preparing the financial statements:

The following principles have been applied:

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share-Based Payment
- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers.
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1;
 - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
 - paragraph 118(e) of IAS 38 Intangible Assets;
 - paragraphs 76 and 79(d) of IAS 40 Investment Property; and
 - paragraph 50 of IAS 41 Agriculture
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirement of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 of IAS 24 Related Party Disclosures
- the requirements of IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by the member.
- the requirements of paragraphs 134(d) -134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

Adoption of New and Revised Standards

A number of amendments to standards and interpretations are effective for annual periods beginning after 1 January 2020. Amendments to standards and interpretations had no impact on the financial statements of the Company.

SIMEC Uskmouth Power Limited

Notes to the financial statements For the year ended 31 December 2020

2.2 Basis of accounting (continued)

These financial statements have been prepared on the going concern basis. The directors are required to state whether it is appropriate to adopt the going concern basis of accounting in preparing the financial statements, and to identify any material uncertainties as to the Company's ability to continue as a going concern over a period of at least 12 months from the date of approval of the financial statements. The period of management's going concern assessment is the period to 31 December 2022.

The company is in a net current liability position of £27.134 million as at the financial year end (including amounts of £24.630 million due to it from related companies within the group) and the company requires parental financial support from Simec Atlantis Energy Limited (the "parent"). The parent has provided a letter of support confirming it will provide support for the period to 31 December 2022 where required.

The Directors of the Company have considered the ability of the parent to provide financial support, through directly reviewing the going concern assessment of the parent. The Directors have identified a material uncertainty in relation to the availability of ongoing financial support from the parent company that may cast significant doubt upon the Company's ability to continue as a going concern.

The Company financial statements do not include the adjustments that would result if the Company were unable to continue as a going concern.

Going concern assessment – parent

The parent company financial statements for the year ended 31 December 2020 were approved by its directors on 29 June 2021 having adopted the going concern basis of preparation. After reviewing the current liquidity position, financial forecasts and stress testing of risks and based on current funding facilities and considerations noted above the Board of Directors of the parent have a reasonable expectation that the Group has sufficient resources to continue in operational existence for the foreseeable future which is the period to 31 December 2022. As a result, the parent continues to adopt the going concern basis of accounting in preparing the Group financial statements.

The directors of the parent company identified 4 material uncertainties that may cast significant doubt upon the parent's ability to continue as a going concern. In summary, these are:

- Access to related party loans from SIMEC UK Energy Holdings Limited and SIMEC Group Limited. The parent has an existing drawn down facility of £2 million and undrawn facility of £2million as at year end.
- Uncertainty as to the expected proceeds of the third and fourth closings on the New Technology Capital Group, LLC funding due in 2021.
- Refinancing of the Abundance bonds (£4.8 million) due for repayment in June 2022
- Timing of the repayment of EU grant funding (€3.3 million)

SIMEC Uskmouth Power Limited

Notes to the financial statements For the year ended 31 December 2020

Please refer to the full Annual Report of SIMEC Atlantis Energy Limited (which can be found at <https://simecatlantis.com/annual-report-2020/>) for details of the material uncertainties identified.

Material uncertainty in relation to going concern of the company

Taking the above going concern assessment of the parent into consideration, the Directors of the Company have identified a material uncertainty in relation to the availability of ongoing financial support from the parent company that may cast significant doubt upon the Company's ability to continue as a going concern.

Despite the material uncertainty, on the basis of the parent's going concern assessment, stress testing and consideration of the mitigations available (some of which are not within the control of management), the Board of Directors of the Company have a reasonable expectation that the parent has sufficient resources to provide ongoing financial support for the foreseeable future which is the period to 31 December 2022. As a result, the Board of Directors of the Company will continue to adopt the going concern basis of accounting in preparing the company financial statements.

The Company financial statements do not include the adjustments that would result if the Company were unable to continue as a going concern

SIMEC Uskmouth Power Limited

Notes to the financial statements For the year ended 31 December 2020

2.3 Financial instruments

A financial instrument is any contract that give rise to a financial asset in one entity and a financial liability or equity instrument in another entity. The classification depends on the nature and purpose of the financial assets and liabilities which is determined at the time of initial recognition.

The Company's financial assets include cash and other receivables.

The Company's financial liabilities include non-current borrowings and trade and other payables.

Impairment of non-derivative financial assets

The adoption of IFRS 9 has fundamentally changed the Company's accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach. IFRS 9 requires the Company to recognise an allowance for ECLs for all debt instruments not held at fair value through profit or loss and contract assets.

2.4 Inventories

Inventories are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises all direct expenditure and those attributable costs overheads that have been incurred in bringing the inventories to their present location and condition.

2.5 Retirement benefit obligations

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement in the periods during which services are rendered by employees.

2.6 Property, plant and equipment

Land and buildings, and plant and machinery held for use in the generation of power are stated in the statement of financial position at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the end of each reporting period.

Any revaluation increase is recognised in other comprehensive income and accumulated in equity, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. A decrease in the carrying amount arising on the revaluation of such land and buildings, and plant and machinery is recognised in profit or loss to the extent that it exceeds the balance, if any, held in the revaluation reserve relating to a previous revaluation of that asset.

SIMEC Uskmouth Power Limited

Notes to the financial statements For the year ended 31 December 2020

Depreciation on revalued assets is recognised in profit or loss. On the subsequent sale or retirement of a revalued asset, the attributable revaluation surplus remaining in the revaluation reserve is transferred directly to retained earnings.

2.6 Property, plant and equipment (continued)

Freehold land is not depreciated. Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold buildings	Straight line over 10-50 years
Plant and machinery	Straight line over 15-25 years
Fixtures, fittings and equipment	Straight line over 10 years
Motor vehicles	Straight line over 4 years

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets, except when there is no reasonable certainty that ownership will be obtained by the end of the lease term, where the assets are depreciated over the shorter of the lease term and their useful lives.

Additions to property, plant and equipment are depreciated once in their intended use.

The gain or loss arising on disposal or retirement of an item of plant and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised in profit or loss.

Fully depreciated assets still in use are retained in the financial statements.

2.7 Impairment of tangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, testing for impairment is undertaken.

2.8 Provisions

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. If the effect of the time value of money is material, discounting is applied.

SIMEC Uskmouth Power Limited

Notes to the financial statements For the year ended 31 December 2020

The estimated cost of decommissioning the power plant is reviewed periodically. Provision is made for the net present value of the estimated cost of decommissioning at the end of the producing life of these assets. The estimate is based on technology and prices at the balance sheet date. The unwinding of the discount on the provision is included in finance costs. As a result of the underlying assets being measured using the revaluation model, changes in the liability alter the revaluation surplus previously recognised. The decrease in the liability is recognised in other comprehensive income and increases the revaluation surplus within equity, but is recognised immediately in profit or loss to the extent that it reverses a revaluation deficit on the assets that was previously recognised in profit or loss. An increase in the liability is recognised in other comprehensive income and reduced the revaluation surplus within equity to the extent of any credit balance relating to that asset, with the balance being recognised in profit or loss.

2.10 Government grants

Government grants are not recognised until there is reasonable assurance that the Company will comply with the conditions attached to them and the grants will be received. Government grants whose primary condition is that the Company should purchase, construct or otherwise acquire non-current assets are presented as a deduction from the carrying amount of the related assets and recognised as income over the useful lives of the assets by way of a reduced depreciation or amortisation charge.

Other government grants are recognised as income over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognised in profit or loss in the period in which they become receivable.

2.11 Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the Company.

2.12 Revenue recognition

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

Revenue attributable to the activity of electricity generation is recognised as electricity is generated at the price at which revenue is contracted to be sold.

Revenue from the sale of commodities is recognised when the risks and rewards of ownership have transferred to the customer in accordance with the International Commercial Terms 2010 (Incoterms 2010) and represents the invoiced value of the commodities sold net of VAT.

The application of IFRS 15 had no impact on the Company's revenue accounting.

SIMEC Uskmouth Power Limited

Notes to the financial statements For the year ended 31 December 2020

2.13 Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the period. Taxable profit differs from profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Company's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the Company operates by the end of the reporting period.

2.13 Income tax (continued)

Deferred tax

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and are accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited outside profit or loss (either in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity, respectively), or where they arise from the initial accounting for a business combination.

2.14 Foreign currency transactions and translation

Assets and liabilities in foreign currencies are translated into pound sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into pound sterling at the rate of exchange ruling at the date of the transaction.

SIMEC Uskmouth Power Limited

Notes to the financial statements For the year ended 31 December 2020

2.15 Finance costs

Finance costs comprise interest expense on borrowings. All borrowing costs are recognised in the profit or loss using the effective interest method, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use or sale.

2.16 Share based payments

The ultimate parent company, SIMEC Atlantis Energy Limited, issues equity-settled share-based payments to certain employees. Equity settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the estimate of shares that will eventually vest and adjusted for the effect of non-market-based vesting conditions. A corresponding increase is recognised in equity as a capital contribution from SIMEC Atlantis Energy Limited.

Fair value is measured by use of the Black-Scholes pricing model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

2.17 Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use Assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

SIMEC Uskmouth Power Limited

Notes to the financial statements For the year ended 31 December 2020

Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

2.17 Leases (continued)

In calculating the present value of lease payments, the Company uses the interest rate implied in the lease agreements, or if that rate cannot be readily determined, the Company's incremental borrowing rate at the lease commencement date. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value (i.e., below £5,000). Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

3 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in Note 2, 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.

SIMEC Uskmouth Power Limited

Notes to the financial statements For the year ended 31 December 2020

2.17 Leases (continued)

Key sources of estimation uncertainty

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

SIMEC Uskmouth Power Limited

Notes to the financial statements For the year ended 31 December 2020

3 Critical accounting judgements and key sources of estimation uncertainty (continued)

Valuation of land and buildings, and plant and machinery

The fair value of land and buildings and plant and machinery is based upon valuations provided by external valuation experts. The fair value is estimated based upon the highest and best use from a market participant's perspective and consider the potential uses that are physically possible, legally permissible and financially feasible. Ascertaining the fair values of the Company's land and buildings, and plant and machinery, is inherently subjective due to, among other factors, the individual nature and condition of the buildings and power plant and their location. As a result, the valuations are subject to a degree of uncertainty and are made on the basis of assumptions which may not prove to be accurate, particularly in periods of volatility.

Recoverability of property, plant and equipment and investment in subsidiaries

The Company tests its property, plant and equipment annually for impairment, or more frequently if there are indicators that it might be impaired. The recoverable amounts for the Company's property, plant and equipment are supported by the estimated value-in-use of these assets. The value-in-use is calculated using a net present value cash flow model which compares the costs of completing the projects, including financing costs, with expected revenues, net of operating and maintenance expenditure, over its operating life.

The key assumptions used to determine SUP's value-in-use are the expected capital costs to develop the project, the financing structure and cost, forecast operating and maintenance costs, revenue per MWh and the discount rate to calculate present values. The model is based on probability and risk weighted sensitised cash flows using discount rates ranging from 8.5% to 13%. Capital and operating and maintenance costs are based upon experience gained from prior SUP operations as well as various FEED studies completed by the Company to date.

The recoverable amounts were determined to be in excess of the carrying values of both the property, plant and equipment and accordingly no impairment loss has been recognised.

Useful life of assets

Management reviews the useful lives of depreciable assets at each reporting date, based on expected utility of the assets. Uncertainties in these estimates relate to the period that the Company intends to derive future economic benefits from the use of these assets.

Provision for decommissioning costs

The estimate of the costs to decommission the property, plant and equipment of the Uskmouth Power Station at a future date is inherently judgemental. The estimated cost of decommissioning is reviewed periodically. Provision is made for the estimated discounted cost of decommissioning at the balance sheet date. The estimate is based on the forecast remediation or clean-up costs at the projected date of decommissioning, which itself is uncertain, and are discounted for the true value of money.

SIMEC Uskmouth Power Limited

Notes to the financial statements For the year ended 31 December 2020

3 Critical accounting judgements and key sources of estimation uncertainty (continued)

The SUP power station decommissioning provision is the present value of the best estimate of direct costs that may be incurred to restore the site of the SUP power station to a condition that complies with applicable legislation, which is anticipated to take place in approximately 2042. The provision was recognised on acquisition of SUP in 2018 and conversion of the financial statements to IFRS. A formal review of the provision value is in progress. Based on the preliminary review of works required management expect that the decommissioning provision will materially decrease however as this cannot yet be formally substantiated the brought forward provision value remains.

Critical judgements in applying the Company's accounting policies

The directors are of the opinion that any instances of application of judgements are not expected to have a significant effect on the amounts recognised in the financial statements.

4 Expenses

An analysis of the Company's expenses by nature is as follows:

		2020 £'000	2019 £'000
Depreciation on property, plant and equipment	9	5,877	5,878
Depreciation on right-of-use asset	10	7	7
Auditor remuneration		8	6
Net foreign exchange losses		-	1

5 Other operating income

	2020 £'000	2019 £'000
Service charge receivable	453	127
Other income	215	158
Rental income	-	2
Consultancy income	-	1
Sale of inventories	-	15
	668	303

SIMEC Uskmouth Power Limited

Notes to the financial statements For the year ended 31 December 2020

6 Employee benefits expenses and directors' remuneration

The average number of employees was:

	2020 Number	2019 Number
Average number of employees	34	41

	2020 £'000	2019 £'000
Their aggregate remuneration comprised:		
Wages, salaries and other short term benefits	862	1,660
Social security costs	108	199
Share-based payments	7	9
Other costs	57	-
	1,034	1,868

Included in social security costs are pensions costs of £14k (2019: £23k) in respect of the defined contribution pension scheme. During 2020, the Company received £381k under the UK Government COVID-19 furlough scheme.

The directors are employees of other Atlantis Group entities and no consideration is paid by the Company to the other entities for the services rendered by these directors.

7 Finance costs

	2020 £'000	2019 £'000
Interest expense arising from:		
Unwind of discount on decommissioning provision	171	233
Unwind of discount on lease liabilities	-	1
	171	234

8 Income tax credit

	2020 £'000	2019 £'000
Income tax credit arising from:		
Deferred tax credit	-	(146)
	-	(146)

SIMEC Uskmouth Power Limited

Notes to the financial statements For the year ended 31 December 2020

8 Income tax credit (continued)

The income tax credit can be reconciled to the accounting loss as follows:

	2020 £'000	2019 £'000
Loss before tax	(8,734)	(10,126)
<i>Reconciliation of effective tax rate</i>		
Tax credit at the current tax rate of 19% (2019: 19%)	(1,659)	(1,924)
Effect of expenses that are not deductible in determining taxable profits		1,120
Tax exempt income	(41)	(30)
Deferred tax liability movement		(146)
Tax losses carried forward not recognised	1,700	834
	-	(146)

No deferred tax assets were recognised in respect of tax losses of £46,439k (2019: £43,439k) carried forward as future taxable income is uncertain.

Applicable rate of tax is computed at 19% (2019: 19%).

SIMEC Uskmouth Power Limited

Notes to the financial statements For the year ended 31 December 2020

9 Property, plant and equipment

	Freehold land & buildings £'000	Plant and machinery £'000	Fixtures & motor vehicles £'000	Total £'000
Cost or valuation				
At 31 December 2019	9,445	74,367	103	83,915
Additions	-	2,286	-	2,286
At 31 December 2020	9,445	76,653	103	86,201
Accumulated depreciation				
At 31 December 2019	1,167	9,092	52	10,311
Depreciation for the year	667	5,195	15	5,877
At 31 December 2020	1,834	14,287	67	16,188
Net book value				
At 31 December 2019	8,278	65,275	51	73,604
At 31 December 2020	7,611	62,366	36	70,013

For the periods ended 31 December 2020 and 31 December 2019, no revaluation of plant, property and equipment was performed as management are of the view the carrying amount does not differ materially from the prior valuation.

If the revalued assets were stated on a historical cost basis rather than a fair value basis, their carrying amounts would have been:

	2020 £'000	2019 £'000
Cost	44,046	41,760
Accumulated depreciation	(37,240)	(31,363)
	6,806	10,397

SIMEC Uskmouth Power Limited

Notes to the financial statements For the year ended 31 December 2020

10 Leases

As a Lessee

The Company has lease contracts for IT equipment, with and original lease terms of 3 years. The leases have not been re-entered.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

	Office Equipment £'000
At 1 January 2019	14
Depreciation expense	<u>(7)</u>
At 31 December 2019	7
Depreciation expense	<u>(7)</u>
At 31 December 2020	<u>-</u>

Set out below are the carrying amount of lease liabilities recognised and the movements during the period:

	2020 £'000	2019 £'000
At 1 January	7	14
Accretion of interest		1
Payments	<u>(7)</u>	<u>(8)</u>
At 31 December	<u>-</u>	<u>7</u>
Current	-	7
Non-current	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

The following are the amounts recognised in the profit or loss:

	2020 £'000s	2019 £'000
Depreciation expense on right-of-use assets	7	7
Interest expense on lease liabilities	-	1
Expenses relating to leases of low value assets (included in administrative expenses)	<u>-</u>	<u>1</u>
	<u>7</u>	<u>-</u>

SIMEC Uskmouth Power Limited

Notes to the financial statements For the year ended 31 December 2020

10 Leases (continued)

As a Lessor

At the end of the reporting period, the Company had amounts due to it under non-cancellable operating leases, which fall due as follows:

	2020 £'000	2019 £'000
Within one year	-	-
Between two and five years	-	-
More than five years	99	99
	99	99

The Company leases excess land available at the power station site to SIMEC Power Limited. The lease is agreed on a 999 year basis and includes a lease premium of £1,450,000, which is recognised in deferred income.

11 Inventories

	2020 £'000	2019 £'000
Stocks of coal and oil	-	-
Spare parts and consumables	861	864
	861	864

Since March 2018, inventory has been held at 50% cost based on the uncertainty around the usability of spares and consumables post conversion.

12 Trade and other receivables

	2020 £'000	2019 £'000
<i>Current:</i>		
Trade receivables	439	224
Amounts due from related entities (note 21)	-	14
Other receivables	266	471
Taxes and social security costs	91	73
	796	782
Provision for expected credit losses	(390)	(221)
	406	561

SIMEC Uskmouth Power Limited

Notes to the financial statements For the year ended 31 December 2020

13 Cash and cash equivalents

	2020 £'000	2019 £'000
Cash at bank	131	251

14 Trade and other payables

	2020 £'000	2019 £'000
<i>Current:</i>		
Trade payables	321	210
Other payables	24	27
Accruals and deferred income	1,530	1,623
Amounts due to related entities (note 21)	-	-
Amounts due to fellow group entities	24,630	19,916
Taxes and social security costs	-	41
	26,505	21,817

15 Loans and borrowings

	2020 £'000	2019 £'000
Loan to a related party (note 21)	2,027	2,027
	2,027	2,027

The loan from a related entity is denominated in British pounds, interest free and repayable on earlier of financial close of the SUP project or 31 December 2021. In the earlier event of an Atlantis share fundraise, the loan may be converted into shares in Atlantis pursuant to compliance with the contractual relationship agreement stipulating that SIMEC Group do not hold more than 49.9% of share capital in issue.

SIMEC Uskmouth Power Limited

Notes to the financial statements For the year ended 31 December 2020

16 Provision

	£'000
Decommissioning provision	
Balance at 31 December 2019	12,981
Decrease in provision	(120)
Unwinding of discounted amount	170
Balance at 31 December 2020	<u>13,031</u>

The decommissioning provision is to make allowance for the cost of restoring the site of the power station to a condition that complies with applicable legislation, which is anticipated to take place in approximately 2042. The provision is based upon an estimate of the timing and current cost of this exercise, adjusted for the effects of inflation and discounted to present value using an appropriate discount rate.

17 Share capital

	Number of ordinary shares with par value of £1 '000	Ordinary share capital £'000
Ordinary share capital		
Issued and fully paid		
At 31 December 2019 and 31 December 2020	23,866	23,866

18 Revaluation reserve

The revaluation reserve arises on the revaluation of land and buildings, and plant and machinery, and is non-distributable. In 2020 the movement relates to the decommissioning provision movement (note 16).

19 Other reserves

During the period, the Company recognised share based payment expenses amounting to £7,000 (2019: £9,000) arising from grants of shares options and stock awards by the ultimate holding company to an employee of the Company, resulting in a corresponding recognition of a capital contribution from the immediate holding company.

SIMEC Uskmouth Power Limited

Notes to the financial statements For the year ended 31 December 2020

20 Commitments for expenditure

	2020 £'000	2019 £'000
Front End Engineering and Design costs	1,000	2,000

21 Related party transactions

The Company has taken the exemption available under FRS 101 regarding related party transactions entered into between two or more members of a group, provided that the subsidiaries party to the transaction are wholly owned by a member of the group. Disclosure is made of related party transactions which are not wholly owned subsidiaries within the group and therefore do not qualify for the disclosure exemption.

During the year, the Company entered into the following significant transactions with related companies not qualifying for the disclosure exemption:

	2020 £'000	2019 £'000
Payment of rent and associated costs from		
- Related entities	392	46
Recharge of costs to		
- Related entities	-	141

The following amounts were outstanding at the balance sheet date:

	2020 £'000	2019 £'000
Amounts due from related entities	390	14
Amounts due to related entities	-	-

The remaining related entities mentioned above are part of the GFG Alliance, which encompasses entities under the common control of Mr P K Gupta, and his son Mr S K Gupta, the ultimate owners of 49.99% of SUP's parent company.

22 Immediate and ultimate parent undertaking

At 31 December 2020, the Company is a subsidiary undertaking of SIMEC Atlantis Energy Limited, which is the ultimate parent company incorporated in Singapore and registered at Level 4, 21 Merchant Road #04-01, Singapore 058267. The group headed by SIMEC Atlantis Energy Limited is also the largest group in which the results of the Company are consolidated. No other group financial statements include the results of this Company.

The consolidated financial statements of the Group are available to the public and may be obtained from the Group's website at www.simecatlantis.com.

SIMEC Uskmouth Power Limited

Notes to the financial statements For the year ended 31 December 2020

23 Immediate and ultimate parent undertaking

On the 18th May SIMEC Atlantis Energy Limited (“Atlantis”), the AIM listed ultimate parent company announced that it had received correspondence in relation to the appointment of receivers over all of the shares of its major shareholder, SIMEC UK Energy Holdings Limited. This event has an indirect impact on this entity as a result of its membership to the Atlantis Group. For additional information refer to the Group accounts which can be found at www.simecatlantis.com.

24 Post Balance sheet events

On 14th May 2021, the Serious Fraud Office (SFO) announced that it was investigating suspected activities in relation to the financing and conduct of the business of companies within the GFG Alliance. A major shareholder of SIMEC Atlantis Energy Ltd (SAE), SIMEC UK Energy Holdings Ltd, is a member of the GFG Alliance and so could potentially be within the scope of the SFO investigation. It is not clear at this time what, if any, impact this investigation may have on the GFG Alliance and therefore what, if any, impact it could have on our ultimate parent company, SAE. It should be noted that SAE has never had any financing arrangements with Greensill Capital UK Ltd, is not a member of the GFG Alliance, and is an independent company whose shares are admitted to trading on the AIM market operating by the London Stock Exchange.

On 23rd July, the GFG Alliance has since confirmed to the parent, SIMEC Atlantis Energy Limited, that the receiver’s appointment has ceased, and the receivers have resigned as directors of SUEH. The GFG Alliance have also provided confirmation that they are in control of their shares in the parent, SIMEC Atlantis Energy Limited.