

Company Registration No. 06542483 (England and Wales)

SUN GENERATION LIMITED
UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018
PAGES FOR FILING WITH REGISTRAR

SUN GENERATION LIMITED

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SUN GENERATION LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2018

	Notes	2018 \$US	2017 \$US
Fixed assets			
Intangible assets	2	16,696	26,191
Investments	3	1,771,054	1,770,943
		<u>1,787,750</u>	<u>1,797,134</u>
Current assets			
Debtors falling due after more than one year	4	37,000	413,024
Debtors falling due within one year	4	2,124,794	5,701,365
Cash at bank and in hand		211,345	5,639
		<u>2,373,139</u>	<u>6,120,028</u>
Creditors: amounts falling due within one year	5	<u>(5,723,332)</u>	<u>(8,237,914)</u>
Net current liabilities		<u>(3,350,193)</u>	<u>(2,117,886)</u>
Total assets less current liabilities		<u>(1,562,443)</u>	<u>(320,752)</u>
Capital and reserves			
Called up share capital	6	1,462	1,462
Profit and loss reserves		<u>(1,563,905)</u>	<u>(322,214)</u>
Total equity		<u>(1,562,443)</u>	<u>(320,752)</u>

The directors of the company have elected not to include a copy of the profit and loss account within the financial statements.

For the financial year ended 31 December 2018 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The member has not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476.

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies regime.

SUN GENERATION LIMITED

BALANCE SHEET (CONTINUED)

AS AT 31 DECEMBER 2018

The financial statements were approved by the board of directors and authorised for issue on 14 June 2019 and are signed on its behalf by:

Mrs T Hurtova
Director

Company Registration No. 06542483

SUN GENERATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

Company information

Sun Generation Limited is a private company limited by shares incorporated in England and Wales. The registered office is Market House, 10 Market Walk, Saffron Walden, Essex, CB10 1JZ.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in US Dollars, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest \$US.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Going concern

During the year, the difficult political and economic conditions affecting Ukraine and Russia, which constitute the company's major markets, have continued to depress the company's business, though growth continues to be seen in the Polish market, where the company's subsidiary, SG Poland Sp z o.o operates. As a result of this, the company has continued to generate trading profits, albeit at a relatively low level.

Unfortunately, during the year, the directors consider that the investment made and loans advanced into a further subsidiary company based in the Netherlands, Sun Generation B.V. needed to be written down in full, on the basis that these had become impaired and were not recoverable as a result of the poor trading performance of this company, which has resulted in it being placed into liquidation. This has led to a significant overall loss being incurred during the year, with the result that the company's Balance Sheet shows a significant deficit as at 31 December 2018, calling into question the going concern status of the company.

Despite this position, the company's cash flow remains reasonable, with over \$200,000 of cash held at the year end date. Furthermore, good relationships continue to be maintained with the company's key suppliers, and taking this into account, plus noting the level of cash available to the business, the directors are confident that the company remains, and will remain, a going concern for the foreseeable future, despite the current Balance Sheet position. Accordingly, the accounts are prepared on the going concern basis.

1.3 Turnover

Turnover is recognised 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 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.

SUN GENERATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

(Continued)

1.4 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably.

Amortisation 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:

Trademarks	20% per annum straight line
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1.5 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

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

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The company considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Entities in which the company has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

1.6 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

SUN GENERATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

(Continued)

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.7 Cash at bank and in hand

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.8 Financial instruments

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

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

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

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Classification of financial liabilities

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

Basic financial liabilities

Basic financial liabilities, including creditors, and loans that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

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

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

1.9 Equity instruments

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

SUN GENERATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

(Continued)

1.10 Taxation

The 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 year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date 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 is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.11 Foreign exchange

Assets and liabilities in foreign currencies are translated into US Dollars at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into US Dollars at the rate of exchange ruling at the date of the transaction. Exchange rate differences are taken into account in arriving at the operating profit.

SUN GENERATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

2 Intangible fixed assets

	Other \$US
Cost	
At 1 January 2018	1,216,310
Additions	2,563
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At 31 December 2018	1,218,873
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Amortisation and impairment	
At 1 January 2018	1,190,119
Amortisation charged for the year	12,058
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At 31 December 2018	1,202,177
	<hr/>
Carrying amount	
At 31 December 2018	16,696
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At 31 December 2017	26,191
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3 Fixed asset investments

	2018 \$US	2017 \$US
Investments	1,771,054	1,770,943
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SUN GENERATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

3 Fixed asset investments (Continued)

Movements in fixed asset investments

	Shares in group undertakings	Other investments other than loans	Total
	\$US	\$US	\$US
Cost or valuation			
At 1 January 2018	1,621,959	148,984	1,770,943
Additions	482,401	-	482,401
	<u>2,104,360</u>	<u>148,984</u>	<u>2,253,344</u>
At 31 December 2018	2,104,360	148,984	2,253,344
Impairment			
At 1 January 2018	-	-	-
Impairment losses	482,290	-	482,290
	<u>482,290</u>	<u>-</u>	<u>482,290</u>
At 31 December 2018	482,290	-	482,290
Carrying amount			
At 31 December 2018	1,622,070	148,984	1,771,054
	<u>1,622,070</u>	<u>148,984</u>	<u>1,771,054</u>
At 31 December 2017	1,621,959	148,984	1,770,943
	<u>1,621,959</u>	<u>148,984</u>	<u>1,770,943</u>

During the year, the directors believe that the company's investment in its subsidiary business, Sun Generation BV, a Netherlands company, has become impaired, with the result that shortly after the year end date, the business was placed into liquidation. As a result of this, the full value of this investment is not considered to be recoverable, and therefore an impairment of \$482,290 has been recorded within these accounts, which writes the value of this investment down to nil.

SUN GENERATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

4 Debtors		
	2018	2017
	\$US	\$US
Amounts falling due within one year:		
Trade debtors	2,016,704	5,540,911
Corporation tax recoverable	19,113	17,980
Other debtors	88,977	142,474
	<u>2,124,794</u>	<u>5,701,365</u>
	2018	2017
	\$US	\$US
Amounts falling due after more than one year:		
Other debtors	-	366,624
Deferred tax asset	37,000	46,400
	<u>37,000</u>	<u>413,024</u>
Total debtors	<u>2,161,794</u>	<u>6,114,389</u>
5 Creditors: amounts falling due within one year		
	2018	2017
	\$US	\$US
Trade creditors	5,711,735	8,226,363
Other creditors	11,597	11,551
	<u>5,723,332</u>	<u>8,237,914</u>
6 Called up share capital		
	2018	2017
	\$US	\$US
Ordinary share capital		
Issued and fully paid		
1,000 Ordinary shares of \$1.462 each	<u>1,462</u>	<u>1,462</u>

SUN GENERATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

7 Related party transactions

Transactions with related parties

During the year the company entered into the following transactions with related parties:

	Sale of goods		Purchase of goods	
	2018	2017	2018	2017
	\$US	\$US	\$US	\$US
Entities over which the entity has control, joint control or significant influence	612,379	292,706	591,810	228,124

During the year, the company made sales amounting to \$612,379 (2017: \$272,706) to its subsidiary company, SG Poland Sp z o.o. These sales were made on similar terms as those offered to other customers of the company. At 31 December 2018, there was a balance outstanding of \$543,645 (2017: \$494,344).

The company made purchases to SG Poland amounting to \$591,810 (2017: \$228,124) which were made on similar terms to those offered to other suppliers of the company. At 31 December 2018, there was a balance outstanding of \$7,939 (2017: \$nil).

The following amounts were outstanding at the reporting end date:

	2017 Balance \$US
Amounts owed in previous period	
Entities over which the entity has control, joint control or significant influence	366,624

A further loan was advanced during the year to Sun Generation B.V., a further subsidiary company of Sun Generation Limited. Interest is charged on the loan at 2% over the ECB Base Rate. Under the terms of the agreement, the loan has a duration of 60 months, with no repayments being required within the first year.

As at 31 December 2018, as a result of the further advances made in the year, the balance outstanding was \$795,513 (2017: \$366,624), however a provision has been made in full against this loan balance, as in the opinion of the directors, the balance is not recoverable, this being due to the poor trading performance of Sun Generation B.V., which has resulted in the company being placed into liquidation.

As a result of this decision, the balance recorded as outstanding in the company's accounts at 31 December 2018 is £nil.

During the year, the company has not given, or received any guarantees.

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