

**REPORT OF THE DIRECTORS AND**  
**UNAUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**  
**FOR**  
**SKYE SM LIMITED**



**SKYE SM LIMITED**

**CONTENTS OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

	<b>Page</b>
<b>Company Information</b>	<b>1</b>
<b>Report of the Directors</b>	<b>2</b>
<b>Income Statement</b>	<b>3</b>
<b>Balance Sheet</b>	<b>4</b>
<b>Notes to the Financial Statements</b>	<b>5</b>

**SKYE SM LIMITED**

**COMPANY INFORMATION**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**Directors:** Pinecroft Corporate Services Limited  
A J Vickery FCA

**Registered office:** C/O Foresight Group  
The Shard  
32 London Bridge Street  
London  
SE1 9SG

**Registered number:** 10093020 (England and Wales)

**SKYE SM LIMITED**

**REPORT OF THE DIRECTORS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

The directors present their report with the financial statements of the company for the year ended 31 December 2021.

**Principal activities**

Firstly, the Company is a holding company which owns its subsidiary, named Skye Iberia S.L., which owns a solar power plant in Spain, named Escalonillas Sur, which in turn generates and sells electricity in Spain. The subsidiary's project was operational and connected to the grid in May 2019. Secondly, the Company sells electricity in the United Kingdom under a domestic power purchase agreement, for a rooftop-mounted solar power PV system.

**DIRECTORS**

The directors during the year under review were:

Pinecroft Corporate Services Limited  
A J Vickery FCA

This report has been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

**On behalf of the board:**



.....  
Pinecroft Corporate Services Limited - Director

Date: 27 September 2022  
.....

**SKYE SM LIMITED****INCOME STATEMENT**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

	Notes	31.12.21 £	31.12.20 £
Turnover		56	118
Administrative expenses		<u>(91,019)</u>	<u>(92,577)</u>
		(90,963)	(92,459)
Realised foreign exchange (loss)/gain on shareholder loan		<u>(42,273)</u>	<u>20,713</u>
Operating loss	4	(133,236)	(71,746)
Unrealised foreign exchange loss		(1,496)	-
Interest receivable and similar income		<u>185,383</u>	<u>192,571</u>
		50,651	120,825
Unrealised gain/(loss) on revaluation of investments		<u>101,756</u>	<u>(340,802)</u>
		152,407	(219,977)
Interest payable and similar expenses		<u>(5,398)</u>	<u>(2,686)</u>
Profit/(loss) before taxation		147,009	(222,663)
Tax on profit/(loss)		-	-
Profit/(loss) for the financial year		<u>147,009</u>	<u>(222,663)</u>

The notes form part of these financial statements

**SKYE SM LIMITED (REGISTERED NUMBER: 10093020)**

**BALANCE SHEET**  
**31 DECEMBER 2021**

	Notes	31.12.21 £	31.12.20 £
<b>Fixed assets</b>			
Tangible assets	5	4,150	4,150
Investments	6	<u>3,277,115</u>	<u>3,285,562</u>
		<u>3,281,265</u>	<u>3,289,712</u>
 <b>Current assets</b>			
Debtors	7	4,041	4,174
Cash at bank		<u>381,015</u>	<u>118,847</u>
		385,056	123,021
<b>Creditors</b>			
Amounts falling due within one year	8	<u>(439,440)</u>	<u>(332,861)</u>
<b>Net current liabilities</b>		<u>(54,384)</u>	<u>(209,840)</u>
<b>Total assets less current liabilities</b>		<u>3,226,881</u>	<u>3,079,872</u>
 <b>Capital and reserves</b>			
Called up share capital	9	42,764	42,764
Share premium	10	4,209,189	4,209,189
Retained earnings	10	<u>(1,025,072)</u>	<u>(1,172,081)</u>
<b>Shareholders' funds</b>		<u>3,226,881</u>	<u>3,079,872</u>

The company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the year ended 31 December 2021.

The members have not required the company to obtain an audit of its financial statements for the year ended 31 December 2021 in accordance with Section 476 of the Companies Act 2006.

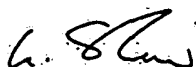
The directors acknowledge their responsibilities for:

- ensuring that the company keeps accounting records which comply with Sections 386 and 387 of the Companies Act 2006 and;
- preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of each financial year and of its profit or loss for each financial year in accordance with the requirements of Sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the company.

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

The financial statements were approved by the Board of Directors and authorised for issue

on 27 September 2022 ..... and were signed on its behalf by:



.....  
Pinecroft Corporate Services Limited - Director

**SKYE SM LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**1. Statutory information**

Skye SM Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

**2. Accounting policies**

**Basis of preparing the financial statements**

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" including the provisions of Section 1A "Small Entities" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention. The Company is exempt from the requirement to prepare consolidated accounts because the Company and the group headed by it qualifies as small within the meaning of the Act.

**Turnover**

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. Turnover relates to sales generated by the domestic power purchase agreement.

**Tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

**Investment in subsidiaries**

Fixed asset investments in subsidiaries are carried in the balance sheet at cost less provision for impairment. A subsidiary is an entity controlled by the group. During the accounting period, the tangible fixed assets were fully operational and therefore have been valued using a discounted cash flow model adjusted for free cash. The valuation methodology includes applying blended AFRY/Aurora/Baringa power price forecasts for the assets which provide a bespoke asset level forecast of the revenue stack. We then model this revenue stack against expected operational and financing costs to derive the free cash flow available to equity which is then discounted to the present value. Free working capital is then added to give the final valuation.

**Taxation**

Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. Current or deferred taxation assets and liabilities are not discounted. Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**Deferred tax**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

**Going concern**

The Company was in a net current liability position as at 31 December 2021 of £54,384 (31 December 2020: £209,840). Despite the net current liability position, the Directors expect the Company to be able to continue operations for at least another 12 months from the date of signing of these unaudited financial statements. This is due to the interest receivable from the subsidiary being impaired to zero as at 31 December 2021, however, the subsidiary has been earning revenues since May 2019 and will be able to repay loan principal and interest portions to the Company as the Company's expenses fall due.

**SKYE SM LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**2. Accounting policies - continued**

**Impairment of fixed assets**

At each reporting end date, 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, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.

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 is estimated to be less than its carrying amount, the carrying amount of the asset 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.

**3. Employees and directors**

The average number of employees during the year was NIL (2020 - NIL).

**4. Operating loss**

The operating loss is stated after charging:

	31.12.21	31.12.20
	£	£
Directors fees	<u>6,500</u>	<u>6,500</u>

**5. Tangible fixed assets**

	Plant and machinery etc £
<b>Cost</b>	
At 1 January 2021 and 31 December 2021	<u>4,150</u>
<b>Net book value</b>	
At 31 December 2021	<u>4,150</u>
At 31 December 2020	<u>4,150</u>

This note refers to cost of the rooftop-mounted solar power PV system the Company has installed, which generates electricity. As mentioned in Note 12, Turnover relates to sales generated by the Domestic Power Purchase Agreement with sales derived from the generation from this PV system installation.

**6. Fixed asset investments**

	31.12.21	31.12.20
	£	£
Shares in group undertakings	-	-
Loans to group undertakings	<u>3,277,115</u>	<u>3,285,562</u>
	<u>3,277,115</u>	<u>3,285,562</u>

**SKYE SM LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**6. Fixed asset investments - continued**

Additional information is as follows:

	<b>Equity investments</b>
	<b>£</b>
<b>Cost or valuation</b>	
At 1 January 2021	-
At 31 December 2021	-
<b>Net book value</b>	
At 31 December 2021	-
At 31 December 2020	-

The fixed asset investment nil balance reported, differs from the actual equity investment made down to the Company's subsidiary (£5,427), due to the discounted cashflow valuation (DCF valuation) approach used. The Company has decided carry forward the impairment provision from the prior year, to reflect the unrealised revaluation adjustment, resulting from the DCF valuation.

	<b>Loans to subsidiaries</b>
	<b>£</b>
At 1 January 2021	3,285,562
Reversal of impairment provision (PY)	427,084
Unrealised foreign exchange loss	(228)
Impairment provision (CY)	<u>(435,303)</u>
At 31 December 2021	<u>3,277,115</u>

Due to the aforementioned DCF valuation approach and the Company's decision to reflect this through necessary revaluation adjustments, the loan amount reported has been restored to its net book value. This balance in the amount of £3,712,418 is equivalent to the shareholder loan drawn by the Company's subsidiary (31 December 2020: £3,712,646). During the year, this balance was subject to foreign exchange exposure, meaning that there was an unrealised foreign exchange loss of £228.

Subsequently, as part of the DCF valuation approach, the Company has decided to implement a further impairment provision, reflected against the aforementioned shareholder loan. As a result of the £435,303 provision made, the shareholder loan amount deemed recoverable at the end of the year was £3,277,115.

Shares and loans to group undertakings relate to Skye SM's 100% subsidiary, Skye Iberia SL, that invests into overseas solar.

**SKYE SM LIMITED****NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2021****7. Debtors: amounts falling due within one year**

	<b>31.12.21</b>	<b>31.12.20</b>
	<b>£</b>	<b>£</b>
Accounts Receivable	-	124
VAT	<u>4,041</u>	<u>4,050</u>
	<u>4,041</u>	<u>4,174</u>

At the end of 2021, there was £375,317 of interest outstanding, accrued from the Company's shareholder loan made to its subsidiary. In light of the aforementioned DCF valuation approach, the Company has taken a view that a portion of the interest receivable accrued cannot be deemed recoverable. This has resulted in an impairment provision of £375,317 being applied against the net book value of outstanding interest. As a result, these accounts show a nil balance of interest deemed recoverable from the Company's subsidiary at year end, despite the full balance of £375,317 remaining outstanding at the end of the year.

**8. Creditors: amounts falling due within one year**

	<b>31.12.21</b>	<b>31.12.20</b>
	<b>£</b>	<b>£</b>
Trade creditors	331,963	232,406
Loan from Third Party	98,147	98,147
Interest payable	7,705	2,308
Accruals	<u>1,625</u>	<u>-</u>
	<u>439,440</u>	<u>332,861</u>

**9. Called up share capital****Allotted, issued and fully paid:**

<b>Number:</b>	<b>Class:</b>	<b>Nominal value:</b>	<b>31.12.21</b>	<b>31.12.20</b>
			<b>£</b>	<b>£</b>
4,276,378	Ordinary Shares	0.01	<u>42,764</u>	<u>42,764</u>

The share capital and share premium was raised via retail investment and no individual investor owns more than 10% of the share capital.

**10. Reserves**

	<b>Retained earnings</b>	<b>Share premium</b>	<b>Totals</b>
	<b>£</b>	<b>£</b>	<b>£</b>
At 1 January 2021	(1,172,081)	4,209,189	3,037,108
Profit for the year	<u>147,009</u>		<u>147,009</u>
At 31 December 2021	<u>(1,025,072)</u>	<u>4,209,189</u>	<u>3,184,117</u>

**SKYE SM LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**11. Related party disclosures**

As at 31 December 2021, the Company had shareholder loans to its subsidiary, Skye Iberia S.L, in the amount of €3,260,908 (31 December 2020: €3,260,908). These loans currently bear interest at a rate of 6.5% per annum. The loan principal receivable balance has been impaired by £435,531 as at 31 December 2021 due to discounted cash flow revaluations in the investments in the subsidiary undertaking.

As at 31 December 2021, there was £375,317 (31 December 2020: £485,292) of interest outstanding, accrued from the aforementioned shareholder loan. However, due to revaluation impairments, this interest receivable has been reduced to zero.

As at 31 December 2021, the Company also had sent cash contributions to its subsidiary, Skye Iberia S.L, in the amount of €814,352 (31 December 2020: €814,352), bearing interest at 0%.

The Company received a loan from Blackmead Infrastructure Limited in the amount of £98,147 in July 2020. This loan currently bears interest at a rate of 5.5% per annum and as at 31 December 2021, the loan had accrued £7,705 (31 December 2020: £2,308), all of which was outstanding at year end.

Foresight Group LLP is considered to be a related party by virtue of the fact that the directors of Foresight Group LLP, Gary Fraser and David Hughes, are also directors of Pinecroft Corporate Services Limited, which is in turn a corporate director of the company. Foresight Group LLP invoiced the Company £99,557 during the course of the year, of which £331,963 (31 December 2020: £232,406) was outstanding at the year end.