

**Registered number: 10821555**

**Atlantis Ocean Energy plc**

**Annual report and financial statements**

**For the year ended 31 December 2022**

**Atlantis Ocean Energy plc**

**Company Information**

<b>Directors</b>	Graham Matthew Reid Simon Matthew Hirst (appointed 27 September 2022)
<b>Company secretary</b>	Intertrust (UK) Limited
<b>Registered number</b>	10821555
<b>Registered office</b>	1 Bartholomew Lane London EC2N 2AX
<b>Independent auditor</b>	Kreston Reeves LLP Chartered Accountants & Statutory Auditor 37 St Margaret's Street Canterbury Kent CT1 2TU

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**Strategic report**

**For the year ended 31 December 2022**

The directors present their Strategic report for the year ended 31 December 2022.

**Business review**

The Company is a subsidiary of SIMEC Atlantis Energy Limited, a company listed on the London Alternative Investment Market.

The Company was established as a vehicle to issue debenture securities. In July 2017, the Company raised £4.95m through a 5 year debenture with a coupon of 8% per annum and maturing in June 2022. The debenture was offered through Abundance Investment Limited, the provider of a regulated green peer-to-peer investment platform.

During the year the only activity in the Company related to the payment of interest on the debentures and payment of agency fees to Abundance Investment Limited.

During the year end, the Company has engaged with its debenture holders via Abundance Investment Limited to request a deferral of the principal repayment of £4.95m due on 30 June 2022 and for a deferral of the interest due on that same date. On 9 June 2022, the debenture holders voted to approve a special resolution agreeing to these deferrals.

**Principal risks and uncertainties**

The key risks and uncertainties of the Company are the same as those of its parent company, SIMEC Atlantis Energy Limited. These risks and uncertainties are disclosed in the Group strategic report and Director's report of SIMEC Atlantis Energy Limited and can be found at [www.saerenewables.com](http://www.saerenewables.com).

**Financial and other key performance indicators**

As noted above, the only activity of the Company is as issuer of debentures and the debt servicing of those interests. The Directors regard the KPIs of the business to be the payment of debenture interest and principal in accordance with the terms of the debenture agreements.

**Directors' statement of compliance with duty to promote the success of the Company**

The Directors acknowledge their duty under S.172 of the Companies Act 2006 and consider that they have, both individually and together, acted in the way that, in good faith, would be most likely to promote the success of the Company for the benefit of its member as a whole. In doing so, they have had regard (amongst other matters) to:

The likely consequences of any decision in the long term and in particular the need to ensure that the Company has robust plans to repay its debenture liabilities.

The need to foster the Company's business relationships with its lenders. The Company engages regularly with Abundance Investment Limited to provide updates on the Group's business which are of relevance to its Debenture holders.

The impact of the SIMEC Atlantis Energy Group's operations on the community and the environment. More information on the Group's social responsibilities is contained in the SIMEC Atlantis Energy Group's Corporate Governance section of the Annual Report.

**Strategic report (continued)**

**For the year ended 31 December 2022**

The objective of the Company is to maintain a high standard of business conduct. The intention of the Directors is to behave in a responsible manner, operating within the high standards of business conduct and good corporate governance as highlighted in the SIMEC Atlantis Energy Group Corporate Governance report in its published Annual Report.

This report was approved by the board and signed on its behalf.

**Graham Matthew Reid**

Director

Date: 27 July 2023

**Directors' report**  
**For the year ended 31 December 2022**

The directors present their report and the financial statements for the year ended 31 December 2022.

**Principal activity**

The principal activities of the Company are those relating to a financial services holding company.

**Results and dividends**

The loss for the year, after taxation, amounted to £530,809 (2021 - loss £559,099).

The directors do not recommend the payment of a dividend for the period.

**Directors**

The directors who served during the year were:

Graham Matthew Reid  
Simon Matthew Hirst (appointed 27 September 2022)  
Andrew Luke Dagley (resigned 27 September 2022)

**Future developments**

Within the SIMEC Atlantis Energy Group of companies, Atlantis Ocean Energy plc will continue to act as an investment holding company.

**Financial risk management**

The Company is exposed to various financial risks arising in the normal course of business. It has adopted financial risk management policies and utilised a variety of techniques to manage its exposure to these risks.

*Liquidity risk*

Liquidity risk is the risk that the company will encounter difficulty in meeting its financial obligations as they fall due. The Company's objective in managing liquidity risk is to ensure that this does not arise. Having assessed future cash flow requirements the Company expects to be able to meet its financial obligations through the cash flows that are generated from the operating activities of the SIMEC Atlantis Energy Group, of which the Company is an undertaking. The parent undertaking has provided a letter of support confirming it will provide support for the period of at least 12 months from the date of approval of these financial statements, as disclosed in note 2.3.

Cash at bank is held with creditworthy financial institutions that are licensed banks in the countries in which the company operates.

*Interest rate risk*

Interest rate risk arises from the potential change in interest rates that may have an adverse effect on the Company in the current reporting year or in future years. The Company's exposure to interest rate risk is limited to the effects of the fluctuation in bank interest rate on cash and cash equivalents as well as rates on loans and borrowings. The interest rate risk arising from these facilities is considered by the directors to be minimal, and the Company has not entered into any derivative instruments designed to mitigate exposure to such risk.

*Credit risk*

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. At the reporting date, the total receivables balance is £1,787,316 (2021 - £2,480,989), due from fellow Group undertakings.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset as at the end of the reporting period. None of the receivables are past due at reporting date.

**Directors' report (continued)**  
**For the year ended 31 December 2022**

*Currency risk*

The Company transacts business in pounds sterling and is hence not exposed to foreign exchange risk.

*Price risk*

Due to the nature of the financial instruments used by the Company there is no exposure to price risk, for example in respect of fluctuations in commodity or equity prices.

**Qualifying third party indemnity provisions**

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

**Matters covered in the Strategic report**

To comply with the Companies Act 2006, the Company provides in the strategic report, a review of the development and performance of the company during the year, including key performance indicators and a description of the principal risks and uncertainties facing the company.

**Disclosure of information to auditor**

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

**Events after the reporting period**

On the 21 June 2023 the holders of the AOE17 debenture approved the proposed amendment to the 2017 debenture deed which extends the maturity date from 30 June 2023 to 30 June 2024, the "Extension Period", and will pay an enhanced interest for the Extension Period of 10%.

**Auditor**

Under section 487(2) of the Companies Act 2006, Kreston Reeves LLP will be deemed to have been reappointed as auditor 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

This report was approved by the board and signed on its behalf.

**Graham Matthew Reid**  
Director

Date: 27 July 2023

**Directors' responsibilities statement**  
**For the year ended 31 December 2022**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 accounting 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements and other information included in Directors' reports may differ from legislation in other jurisdictions.



**Independent auditor's report to the members of Atlantis Ocean Energy plc**

**Opinion**

We have audited the financial statements of Atlantis Ocean Energy plc (the 'Company') for the year ended 31 December 2022, which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Material uncertainty related to going concern**

We draw attention to note 2.3 in the financial statements, which describes various matters impacting the SIMEC Atlantis Group, of which this Company is a subsidiary, which are significant in the assessment of going concern. These are:

- Securitisation amount for the rental income stream arising from successful delivery of a Battery Energy Storage Solution ('BESS') project
- Timing of completion for a second BESS project
- Refinancing of Abundance bonds due for repayment in 2024
- Timing and amount of the repayment of EU grant funding

As stated in note 2.3, these events or conditions, along with the other matters as set forth in note 2.3, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

**Independent auditor's report to the members of Atlantis Ocean Energy plc (continued)**

**Other information**

The other information comprises the information included in the Annual Report other than the financial statements and our Auditor's report thereon. The directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**Opinion on other matters prescribed by the Companies Act 2006**

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

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

**Matters on which we are required to report by exception**

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 the Directors' report.

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

- adequate accounting records have not been kept, 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 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

**Independent auditor's report to the members of Atlantis Ocean Energy plc (continued)**

**Auditor's responsibilities for the audit of the financial statements**

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

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

*Capability of the audit in detecting irregularities, including fraud*

Based on our understanding of the Company and the industry it operates in, and through discussion with the directors and other management (as required by auditing standards), we identified that the principal risks of non-compliance with laws and regulations related to health and safety, anti-bribery and employment law. We considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006 and taxation legislation.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate profits, and management bias in accounting estimates and judgemental areas of the financial statements. Audit procedures performed by the engagement team included:

- Discussions with management and assessment of known or suspected instances of non-compliance with laws and regulations (including health and safety) and fraud, and review of the reports made by management; and
- Assessment of identified fraud risk factors; and
- Identifying and assessing the design effectiveness of controls that management has in place to prevent and detect fraud; and
- Performing analytical procedures to identify any unusual or unexpected relationships, including related party transactions, that may indicate risks of material misstatement due to fraud; and
- Confirmation of related parties with management, and review of transactions throughout the period to identify any previously undisclosed transactions with related parties outside the normal course of business; and
- Reading minutes of meetings of those charged with governance and reviewing correspondence with relevant tax authorities; and
- Review of significant and unusual transactions and evaluation of the underlying financial rationale supporting the transactions; and
- Identifying and testing journal entries, in particular any manual entries made at the year end for financial statement preparation.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

**Independent auditor's report to the members of Atlantis Ocean Energy plc (continued)**

As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**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.

Mark Attwood FCCA (Senior statutory auditor)

for and on behalf of

**Kreston Reeves LLP**

Chartered Accountants

Statutory Auditor

Canterbury

27 July 2023

**Statement of comprehensive income**  
**For the year ended 31 December 2022**

	<b>Note</b>	<b>2022</b> £	2021 £
Administrative expenses		<u>(133,316)</u>	<u>(163,098)</u>
<b>Operating loss</b>		<b>(133,316)</b>	<b>(163,098)</b>
Interest payable and similar expenses	6	<u>(397,493)</u>	<u>(396,001)</u>
<b>Loss before tax</b>		<b>(530,809)</b>	<b>(559,099)</b>
Tax on loss	7	<u>-</u>	<u>-</u>
<b>Loss for the financial year</b>		<b><u>(530,809)</u></b>	<b><u>(559,099)</u></b>

There was no other comprehensive income for 2022 (2021:£NIL).

The notes on pages 13 to 20 form part of these financial statements.

**Statement of financial position**  
**As at 31 December 2022**

	Note	2022 £	2021 £
<b>Current assets</b>			
Trade and other receivables	8	1,787,316	2,480,989
Cash and cash equivalents	9	198,685	435
		<u>1,986,001</u>	<u>2,481,424</u>
<b>Current liabilities</b>			
Loans and borrowings	10	(4,950,000)	-
<b>Net current (liabilities)/assets</b>		<b>(2,963,999)</b>	<b>2,481,424</b>
<b>Non-current liabilities</b>			
Loans and borrowings	11	-	(4,914,614)
<b>Net liabilities</b>		<b><u>(2,963,999)</u></b>	<b><u>(2,433,190)</u></b>
<b>Capital and reserves</b>			
Called up share capital	12	50,000	50,000
Retained earnings	13	(3,013,999)	(2,483,190)
<b>Total equity</b>		<b><u>(2,963,999)</u></b>	<b><u>(2,433,190)</u></b>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

**Graham Matthew Reid**

Director

Date: 27 July 2023

The notes on pages 13 to 20 form part of these financial statements.

**Statement of changes in equity**  
**For the year ended 31 December 2022**

	<b>Called up share capital</b>	<b>Retained earnings</b>	<b>Total equity</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>At 1 January 2021</b>	<b>50,000</b>	<b>(1,924,091)</b>	<b>(1,874,091)</b>
Loss for the year	-	(559,099)	(559,099)
<b>At 1 January 2022</b>	<b>50,000</b>	<b>(2,483,190)</b>	<b>(2,433,190)</b>
Loss for the year	-	(530,809)	(530,809)
<b>At 31 December 2022</b>	<b>50,000</b>	<b>(3,013,999)</b>	<b>(2,963,999)</b>

The notes on pages 13 to 20 form part of these financial statements.

**Notes to the financial statements**  
**For the year ended 31 December 2022**

**1. General information**

Atlantis Ocean Energy plc ("the company") is a private company limited by shares and is incorporated in England with the registration number 10821555. The address of the registered office is 1 Bartholomew Lane, London, United Kingdom, EC2N 2AX

The principal activity of the company during the period relates to are those relating to a financial services holding company.

**2. Accounting policies**

**2.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

These financial statements are presented in pounds sterling, which is also the currency of the primary economic environment in which the Company operates.

Amounts are rounded to the nearest pound, unless stated otherwise.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

**2.2 Financial Reporting Standard 101 - reduced disclosure exemptions**

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

- the requirements of IFRS 7 Financial Instruments: Disclosures
- 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;
- 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 requirements 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 and 18A of IAS 24 Related Party Disclosures
- the requirements in 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 such a member

This information is included in the consolidated financial statements of SIMEC Atlantis Energy Limited as at 31 December 2022 and these financial statements may be obtained from [www.saerenewables.com](http://www.saerenewables.com).



**Notes to the financial statements**  
**For the year ended 31 December 2022**

**2. Accounting policies (continued)**

**2.3 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 to 31 July 2024.

The Company is in a net liability position of £2.96 million as at the financial year end (including amounts of £1.79 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 of at least 12 months from the date of approval of these financial statements.

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.

**Going concern assessment - parent**

The Parent company financial statements for the year ended 31 December 2022 were approved by its directors on 25 July 2023 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 July 2024. 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 four material uncertainties that may cast significant doubt upon the Parent's ability to continue as a going concern. In summary, these are:

- a) Monetising the amount for the rental income stream arising from successful delivery of a Battery Energy Storage Solution ('BESS') project
- b) Timing of completion for a second BESS project
- c) Refinancing of the Abundance bonds due for repayment in 2024
- d) Timing of the repayment of EU grant funding

The Directors of the Parent company have also identified various actions which could be implemented, and other factors which may serve to mitigate against these uncertainties.

Please refer to the full Annual Report of SIMEC Atlantis Energy Limited (which can be found at [www.saerenewables.com](http://www.saerenewables.com)) 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.

Nevertheless, the Directors have taken confidence from the Parent company's expectation for future success, which includes possible new sources of revenue, that may mitigate against the existence of material uncertainties about the

Parent company's ability to continue as a going concern.

**Notes to the financial statements**  
**For the year ended 31 December 2022**

**2. Accounting policies (continued)**

**2.3 Going concern (continued)**

Despite the material uncertainty, on the basis of the Parent's going concern assessment, stress testing and consideration of the mitigations available, 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 July 2024. 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.

**2.4 Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

**2.5 Financial instruments**

The Company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The Company's accounting policies in respect of financial instruments transactions are explained below:

Financial assets and financial liabilities are initially measured at fair value.

**Financial assets**

All recognised financial assets are subsequently measured in their entirety at either fair value or amortised cost, depending on the classification of the financial assets.

**Fair value through profit or loss**

All of the Company's financial assets other than those which meet the criteria to be measured at amortised cost are subsequently measured at fair value at the end of each reporting period, with any fair value gains or losses being recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset.

**Notes to the financial statements**  
**For the year ended 31 December 2022**

**2. Accounting policies (continued)**

**2.5 Financial instruments (continued)**

**Debt instruments at amortised cost**

Debt instruments are subsequently measured at amortised cost where they are financial assets held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and selling the financial assets, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Amortised cost is calculated using the effective interest method and represents the amount measured at initial recognition less repayments of principal plus the cumulative amortisation using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

**Impairment of financial assets**

The Company recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised or at FVOCI. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company always recognises lifetime ECL for trade receivables and amounts due on contracts with customers. The expected credit losses on these financial assets are estimated based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

**Financial liabilities**

**At amortised cost**

Financial liabilities which are neither contingent consideration of an acquirer in a business combination, held for trading, nor designated as at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. This is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or where appropriate a shorter period, to the amortised cost of a financial liability.

**2.6 Creditors**

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

**2.7 Finance costs**

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

**Notes to the financial statements**  
**For the year ended 31 December 2022**

**2. Accounting policies (continued)**

**2.8 Taxation**

Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the reporting date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

**3. Judgements in applying accounting policies and key sources of estimation uncertainty**

The preparation of financial statements in conformity with FRS101 requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reporting amount of income and expenses during the year. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

The Company's accounting policies make use of estimates and judgments in the following areas; carrying value of loans, receivables, and taxation. These are described in more detail in the relevant accounting notes.

**4. Auditor's remuneration**

Audit fees of £11,900 (2021 - £10,000) for the period were borne by another Group company and were not recharged.

**5. Employees**

During the years ended 31 December 2022 and 31 December 2021, the Company did not have any employees.

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

**Notes to the financial statements**  
**For the year ended 31 December 2022**

**6. Interest payable and similar expenses**

	2022 £	2021 £
Debtenture loan interest payable	<u>397,493</u>	<u>396,001</u>

Interest for the period relates to interest payable to holders of the 5 year bond. The bond carries a coupon of 8%, payable semi-annually, and was due to mature on 30 June 2022. It has been agreed that the maturity date of the bond will be extended to 31 June 2023 and that the coupon rate be increased to 10% for this period.

**7. Taxation**

	2022 £	2021 £
Current tax on profits for the year	-	-
<b>Total current tax</b>	<u>-</u>	<u>-</u>

**Factors affecting tax charge for the year**

The tax assessed for the year differs from the amount computed by applying the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

	2022 £	2021 £
Loss on ordinary activities before tax	<u>(530,809)</u>	<u>(559,099)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	<u>(100,854)</u>	<u>(106,229)</u>
<b>Effects of:</b>		
Unrelieved tax losses carried forward	<u>100,854</u>	<u>106,229</u>
<b>Total tax charge for the year</b>	<u>-</u>	<u>-</u>

**Factors that may affect future tax charges**

The main rate of corporation tax will increase on 1 April 2023 to 25%, for companies with taxable profits above £250,000. Companies with taxable profits below £50,000 will continue to pay at 19%, and marginal relief will apply between these thresholds. This change formed part of The Finance Bill 2021, which was substantively enacted on 24 May 2021, and is applicable at the reporting date.

At the end of the reporting period, the company has unutilised tax losses of £3,013,998 (2021 - £2,483,189) available for offset against future profits.

No deferred tax asset has been recognised due to the unpredictability of future profit streams.

**Notes to the financial statements**  
**For the year ended 31 December 2022**

**8. Trade and other receivables**

	2022 £	2021 £
Amounts owed by group undertakings	<u>1,787,316</u>	<u>2,480,989</u>

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

**9. Cash and cash equivalents**

	2022 £	2021 £
Cash at bank and in hand	<u>198,685</u>	<u>435</u>

**10. Loans and borrowings: Amounts falling due within one year**

	2022 £	2021 £
Debenture loans	<u>4,950,000</u>	<u>-</u>

The Company has raised £4.95 million through a five-year bond with a coupon of 8%, payable semi-annually, and maturing on 30 June 2023. The bond was offered through Abundance Investment Limited ("Abundance"), the provider of a regulated green peer-to-peer investment platform.

Following the year end, the maturity date of this bond was extended to 30 June 2024, and the Company will pay an enhanced interest for the extension period of 10%.

**11. Loans and borrowings: Amounts falling due in more than one year**

	2022 £	2021 £
Debenture loans	<u>-</u>	<u>4,914,614</u>

**12. Share capital**

	2022 £	2021 £
<b>Allotted, called up and fully paid</b>		
50,000 (2021 - 50,000) Ordinary shares of £1.00 each	<u>50,000</u>	<u>50,000</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the company.

**Notes to the financial statements**  
**For the year ended 31 December 2022**

**13. Reserves**

**Retained earnings**

This reserve comprises all current and prior period retained profits and losses after deducting any distributions made to the Company's shareholders.

**14. Related party transactions**

The Company has taken the disclosure 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.

**15. Controlling party**

At 31 December 2022 the Company's immediate and ultimate parent company was SIMEC Atlantis Energy Limited, a company incorporated and registered in Singapore.

The largest group of undertakings for which group accounts are drawn up and of which the Company is included is the group headed by SIMEC Atlantis Energy Limited. No other group financial statements include the results of this Company. The registered office of SIMEC Atlantis Energy Limited is Level 4, 21 Merchant Road, #04-01, Singapore 058267.

Copies of the financial statements of SIMEC Atlantis Energy Limited are available to the public and may be obtained from [www.saerenewables.com](http://www.saerenewables.com).



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