

Registered No. 10821555

Atlantis Ocean Energy Plc

Annual Report and Financial Statements  
For the year ended 31 Decemeber 2020



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# **Atlantis Ocean Energy Plc**

## **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**

1 Bartholomew Lane  
London  
EC2N 2AX  
United Kingdom

### **Auditor**

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

# **Atlantis Ocean Energy Plc**

## **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. The Company has applied 414B Companies Act 2006 exemption for small companies and has not presented a strategic report.

### **Principal activities**

The principal activities of the Company are those relating to a financial services holding company. On 25 July 2017, the Company raised £4.95 million through a five-year bond with a coupon of 8%, payable semi-annually, and maturing in 2022. The bond was offered through Abundance Investment Limited ("Abundance"), the provider of a regulated green peer-to-peer investment platform.

### **Dividends**

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

### **Directors**

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

### **Directors' indemnities**

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

### **Key risks and uncertainties**

### **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 23<sup>rd</sup> 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.

# **Atlantis Ocean Energy Plc**

## **Directors' report**

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.

## **Results for the period**

The results of the Company for the period are set out on page 8 and show a loss for the period, net of taxation, of £559,319. (2019: £560,296)

## **Future Developments**

Within the Atlantis group of companies, Atlantis Ocean Energy will continue to act as a financial services holding company.

## **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 liability position of £1.874 million as at the financial year end (including amounts of £2.96 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.

# **Atlantis Ocean Energy Plc**

## **Directors' report**

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.

# Atlantis Ocean Energy Plc

## Directors' report

### Disclosure of information to auditor

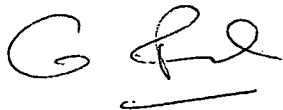
Each of the persons who is a director at the date of approval of this report confirms that:

- 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 directors in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

### Auditor

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:

A handwritten signature in black ink, appearing to read 'G Reid', with a horizontal line underneath.

Graham Reid  
Director

29 September 2021

## **Atlantis Ocean Energy Plc**

### **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;
- 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 ATLANTIS OCEAN ENERGY PLC**

### **DISCLAIMER OF OPINION**

We were engaged to audit the financial statements of Atlantis Ocean Energy Plc 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 12, 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 £559,319, the Company's current liabilities exceeded its current assets by £1.874 million, and the company had cash balances totalling £1,300.

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 12) 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.

#### **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 Atlantis Ocean Energy PLC 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 12, 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

## Atlantis Ocean Energy Plc

### Statement of comprehensive loss Year ended 31 December 2020

	Notes	Year ended 31 December 2020 £	Year ended 31 December 2019 £
Administrative expenses	4	<u>(162,235)</u>	<u>(164,296)</u>
<b>Loss from operating activities</b>		<b>(162,235)</b>	<b>(164,296)</b>
Interest expense	6	<u>(397,084)</u>	<u>(396,000)</u>
<b>Loss before taxation</b>		<b>(559,319)</b>	<b>(560,296)</b>
Taxation	7	-	-
<b>Loss for the period</b>		<b>(559,319)</b>	<b>(560,296)</b>
Other comprehensive loss for the year		-	-
<b>Total comprehensive loss for the year</b>		<b><u>(559,319)</u></b>	<b><u>(560,296)</u></b>

The notes on pages 14 to 21 form an integral part of these Financial Statements.

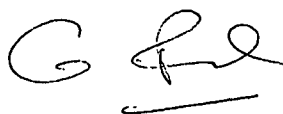
# Atlantis Ocean Energy Plc

## Balance Sheet As at 31 December 2020

Company number: 10821555

		2020 £	2019 £
	Notes		
Cash and cash equivalents		1,300	9,638
Amounts due from related companies	8	2,968,452	3,493,209
<b>Total current assets</b>		<b>2,969,752</b>	<b>3,502,847</b>
Trade payables		-	(44,550)
<b>Total current liabilities</b>		<b>-</b>	<b>(44,550)</b>
Long term debentures	9	(4,843,841)	(4,773,068)
<b>Total non-current liabilities</b>		<b>(4,843,841)</b>	<b>(4,773,068)</b>
<b>Net liabilities</b>		<b>(1,874,089)</b>	<b>(1,314,771)</b>
<b>Capital and reserves</b>			
Share capital	10	50,000	50,000
Accumulated losses		(1,924,089)	(1,364,771)
<b>Total equity</b>		<b>(1,874,089)</b>	<b>(1,314,771)</b>

The financial statements on pages 11 to 21 were approved by the board of directors and authorised for issue on 29 September 2021 and are signed on their behalf by:



Graham Reid  
Director

## Atlantis Ocean Energy Plc

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

	Share capital £	Retained earnings £	Total £
Balance at 1 January 2019	50,000	(804,475)	(754,475)
Total comprehensive loss for the year	-	(560,296)	(560,296)
Balance at 31 December 2019	<u>50,000</u>	<u>(1,364,771)</u>	<u>(1,314,771)</u>
Total comprehensive loss for the year	-	(559,319)	(559,319)
Balance at 31 December 2020	<u>50,000</u>	<u>(1,924,089)</u>	<u>(1,874,089)</u>

The notes on pages 14 to 21 form an integral part of these Financial Statements.

# **Atlantis Ocean Energy Plc**

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

### **1 General information**

Atlantis Ocean Energy Plc (the “Company”) is a company incorporated, registered and domiciled in England, United Kingdom under the Companies Act 2006. The address of the registered office is given on page 1.

The principal activity of the company during the period relates to are those relating to a financial services holding company. These financial statements are presented in pounds sterling (“£”) which is also the currency of the primary economic environment in which the company operates. The ultimate holding company is SIMEC Atlantis Energy Limited, incorporated in Singapore.

### **2 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 liability position of £1.874 million as at the financial year end (including amounts of £2.96 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:

# **Atlantis Ocean Energy Plc**

## **Notes to the financial statements**

### **For the year ended 31 December 2020**

- 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.

# Atlantis Ocean Energy Plc

## Notes to the financial statements (continued) For the year ended 31 December 2020

### 3 Significant accounting policies

#### 3.1 Basis of accounting

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.

The financial statements are prepared on the historical cost basis.

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.

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 December 2020.

The following principles have been applied:

#### Financial reporting standard 101 – reduced disclosure exemptions

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 paragraphs 91-99 of IFRS 13 Fair Value Measurement
- 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.

#### 3.2 Critical Accounting Estimates and Judgments

The preparation of financial statements in conformity with FRS 101 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 notes.

# Atlantis Ocean Energy Plc

## Notes to the financial statements (continued) For the year ended 31 December 2020

### 3.3 Non-derivative financial instruments

Non-derivative financial assets and liabilities are recognised in the Company's statement of financial position when the company becomes a party to the contractual provisions of the instrument. They comprise trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

#### Non-derivative financial assets

All non-derivative financial assets are recognised and derecognised on a trade date where the purchase or sale of the asset is under a contract whose terms require delivery of the asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those non-derivative financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

#### *Cash and cash equivalents*

Cash and cash equivalents comprise cash and short-term bank deposits with an original maturity of three months or less, net of outstanding bank overdrafts.

For the purpose of the statement of cash-flows, encumbered deposits are excluded.

#### *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.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

#### *Derecognition of non-derivative financial assets*

The Company derecognises a non-derivative financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the asset and also recognises a collateralised borrowing for the proceeds received.

# Atlantis Ocean Energy Plc

## Notes to the financial statements (continued) For the year ended 31 December 2020

### 3.3 Non-derivative financial instruments (continued)

#### Non-derivative financial liabilities and equity instruments

##### *Classification as debt or equity*

Debt and equity instruments are classified as either non-derivative financial liabilities or as equity in accordance with the substance of the contractual arrangement.

##### *Equity instruments*

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

##### *Other non-derivative financial liabilities*

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest rate method, with interest expense recognised on an effective yield basis.

The issue and transaction costs associated with the issue of the bond are amortised over the life of the bond so that at the end of the term of the bond the full liability payable to bondholders will be recognised.

##### *Derecognition of non-derivative financial liabilities*

The Company derecognises non-derivative financial liabilities when, and only when, the company's obligations are discharged, cancelled or they expire.

### 3.4 Taxation

The tax expense represents the sum of the tax currently payable.

##### *Current tax*

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement 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 at the end of the reporting period.

### 4 Audit fees

Audit fees of £5k for the period (2019: £5k) were borne by another group company and were not recharged.

### 5 Staff costs

During the years ended 31 December 2020 and 31 December 2019, 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.

# Atlantis Ocean Energy Plc

## Notes to the financial statements (continued) For the year ended 31 December 2020

### 6 Interest expense

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 matures in 2022.

### 7 Taxation

	2020 £	2019 £
Current tax: UK corporation tax	-	-
	<u>-</u>	<u>-</u>

For the year ended 31 December 2020 the Company was subject to UK corporation tax at a rate of 19% (2019: 19%). The total tax expense differs from the amount computed by applying the statutory UK tax rates as follows:

	2020 £	2019 £
Loss before tax	<u>(559,319)</u>	<u>(560,296)</u>
Tax at 19% (2019: 19%)	(106,271)	(106,456)
Losses carried forward on which no deferred tax is recognised	106,271	106,456
Tax credit for the period	<u>-</u>	<u>-</u>

At the end of the reporting period, the company has unutilised tax losses of £1,924,090 (2019: £1,364,771) available for offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams.

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

### 8 Amounts due from related companies

	2020 £	2019 £
Non-trade receivables due from a holding company	<u>2,968,452</u>	<u>3,493,209</u>
	<u>2,968,452</u>	<u>3,493,209</u>

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

# Atlantis Ocean Energy Plc

## Notes to the financial statements (continued) For the year ended 31 December 2020

### 9 Long term debentures

On 25 July 2017, the Company raised £4.95 million through a five-year bond with a coupon of 8%, payable semi-annually, and maturing in 2022. The bond was offered through Abundance Investment Limited ("Abundance"), the provider of a regulated green peer-to-peer investment platform.

	2020 £	2019 £
As at 1 January	4,773,068	4,702,296
Loan interest payable and amortisation of issue and transaction costs	467,857	466,772
Loan interest paid	(397,084)	(396,000)
As at 31 December	<u>4,843,841</u>	<u>4,773,068</u>

### 10 Share capital

	2020 £	2019 £
<b>Allotted, called up and fully paid</b>		
50,000 Ordinary Shares of £1 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.

### 11 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 21 Merchant Road, Level 4, 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](http://www.simecatlantis.com).

# **Atlantis Ocean Energy Plc**

## **Notes to the financial statements (continued) For the year ended 31 December 2020**

### **12 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, 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.