COMPANY REGISTRATION NUMBER: NI630525

Simple Power No.1 Limited

Annual Report and Financial Statements

31 December 2020

Simple Power No.1 Limited

Annual Report and Financial Statements

Year Ended 31 December 2020

Contents

Simple Power No.1 Limited

Officers and Professional Advisers

The Board of Directors	M Hammond J C Steven
Registered Office	C/O Pinsent Masons LLP The Soloist 1 Lanyon Place Belfast Northern Ireland
Independent Auditors	PricewaterhouseCoopers LLP Chartered accountants & statutory auditor Central Square South Orchard Street Newcastle upon Tyne NE1 3AZ

Simple Power No.1 Limited

Directors' Report

Year Ended 31 December 2020

The directors present their report and the audited Annual Report and Financial Statements of Simple Power No.1 Limited ("the Company") for the year ended 31 December 2020.

Principal Activities

The principal activity of the company is the production of renewable energy using wind turbines.

Performance Review

The profit for the financial year, after taxation, amounted to £417,726 (2019: £1,897,246 (restated)).

The net assets at 31 December 2020 were £3,029,874 (2019: £2,612,148 (restated)).

The profit for the financial year will be transferred to reserves.

The directors are satisfied with the overall performance of the Company and do not foresee any significant change in the Company's activities in the coming financial year.

Key Performance Indicators

The directors do not consider KPIs to be appropriate given the nature of the business.

Going Concern

Whilst the Company has net current liabilities, the financial statements have been prepared on a going concern basis as the Company's shareholders have confirmed the loan due to the immediate parent company will not be required to be repaid within twelve months from the date of approval of these financial statements. Further, the parent company, Simple Power Limited, will continue to support the operations of the Company for a period of at least 12 months from the date on which the financial statements are approved, by way of a letter of support.

Directors

The directors who served the company during the year and up to the date of this report were as follows:

J C Steven	
C L Bourne	(Appointed 28 January 2021)
M Hammond	(Resigned 28 January 2021)

Dividends

The directors do not recommend the payment of a dividend.

Qualifying Indemnity Provision

During the year, and at the date of this report, the Company has in place qualifying third party indemnity provisions for the benefit of its directors.

Small Company Provisions

In preparing this report, the directors have taken advantage of the small company exemptions provided by section 415A of the Companies Act 2006. The directors have also taken advantage of small company exemptions provided by section 414B of the Companies Act 2006 and have not prepared a Strategic Report.

Simple Power No.1 Limited

Directors' Report *(continued)*

Year Ended 31 December 2020

Disclosure of Information to Auditors

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

- so far as they are aware, there is no relevant audit information of which the Company's auditors are unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

The independent auditors, PricewaterhouseCoopers LLP, are deemed to have been re-appointed in accordance with section 487 of the Companies Act 2006.

This report was approved by the board of directors on 11 February 2022 and signed by order of the board by:

J Steven

J C Steven
Director

Simple Power No.1 Limited

Directors' Responsibilities Statement

Year Ended 31 December 2020

The directors are responsible for preparing the Directors' Report and the Annual Report and Financial Statements in accordance with applicable law and regulations.

Company law requires the directors to prepare the Annual Report and Financial Statements for each financial year. Under that law the directors have prepared the Annual Report and Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising Financial Reporting Standard 102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland ("FRS 102"), and applicable law).

Under company law the directors must not approve the Annual Report and Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the profit or loss of the company for that period.

In preparing the Annual Report and Financial Statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the Annual Report and Financial Statements; and
- prepare the Annual Report and 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 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.

Independent auditors' report to the members of Simple Power No. 1 Limited

Report on the audit of the financial statements

Opinion

In our opinion, Simple Power No. 1 Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Statement of Financial Position as at 31 December 2020; the Statement of Comprehensive Income and the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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.

Independent auditors' report to the members of Simple Power No. 1 Limited (continued)

Conclusions relating to going concern (continued)

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, 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 audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. 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 based on these responsibilities.

With respect to the Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the year ended 31 December 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Directors' Report.

Independent auditors' report to the members of Simple Power No. 1 Limited (continued)

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also 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.

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.

Auditors' 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 auditors' 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.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to health and safety regulations and environmental regulations, such as the Energy Act, and 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 financial statements such as UK tax legilsation and the Companies Act 2006. 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 the income statement, or through management bias in manipulation of accounting estimates with the aim of improving performance. Audit procedures performed by the engagement team included:

- Inquiry of management and those charged with governance around actual and potential litigation claims;

Independent auditors' report to the members of Simple Power No. 1 Limited (continued)

Auditors' responsibilities for the audit of the financial statements (continued)

- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Identifying and testing journal entries, in particular any journal entries with unusual account combinations; and
- Challenging assumptions and judgements made by management in their significant accounting estimates in particular regarding the valuation on decommissioning provisions and consideration of the impact of COVID-19 on going concern.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, 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.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Independent auditors' report to the members of Simple Power No. 1 Limited (continued)

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to: prepare financial statements in accordance with the small companies regime; take advantage of the small companies exemption in preparing the Directors' Report; and take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

Mark Dawson (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Newcastle upon Tyne
11 February 2022

Simple Power No.1 Limited

Statement of Comprehensive Income

Year Ended 31 December 2020

	Note	2020 £	2019 *(restated)* £
Turnover	**4**	**6,982,075**	7,804,473
Cost of sales		**(2,818,796)**	(1,791,316)
Gross profit		**4,163,279**	6,013,157
Administrative expenses		**(2,478,684)**	(2,601,282)
Operating profit	**5**	**1,684,595**	3,411,875
Interest payable and similar expenses	**8**	**(1,297,878)**	(1,514,629)
Profit before taxation		**386,717**	1,897,246
Tax on profit	**9**	**31,009**	–
Profit for the financial year and total comprehensive income		**417,726**	1,897,246

All the activities of the company are from continuing operations.

See note 16 for details regarding the prior year restatement.

The notes on pages 13 to 24 form part of these Financial Statements.

Simple Power No.1 Limited

Statement of Financial Position

As at 31 December 2020

	Note	2020 £	2019 *(restated)* £
Fixed assets			
Tangible assets	**10**	**32,214,790**	34,233,053
Current assets			
Debtors	**11**	**3,800,979**	4,215,099
Cash at bank and in hand		**1,820,232**	296,928
		5,621,211	4,512,027
Creditors: amounts falling due within one year	**12**	**(15,174,696)**	(14,774,807)
Net current liabilities		**(9,553,485)**	(10,262,780)
Total assets less current liabilities		**22,661,305**	23,970,273
Creditors: amounts falling due after more than one year	**13**	**(18,772,690)**	(20,480,264)
Provisions for liabilities	**14**	**(858,741)**	(877,861)
Net assets		**3,029,874**	2,612,148
Capital and reserves			
Called up share capital	**17**	**1**	1
Profit and loss account		**3,029,873**	2,612,147
Total shareholders' funds		**3,029,874**	2,612,148

These 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 11 February 2022, and are signed on behalf of the board by:

J Steven

J C Steven
Director

Company registration number: NI630525

See note 16 for details regarding the prior year restatement.

The notes on pages 13 to 24 form part of these Financial Statements.

Simple Power No.1 Limited

Statement of Changes in Equity

Year Ended 31 December 2020

	Note	Called up share capital £	Profit and loss account £	Total £
At 1 January 2019 (as previously reported)		1	836,397	836,398
Prior period adjustments	16	–	(121,496)	(121,496)
At 1 January 2019 (restated)		1	714,901	714,902
Profit for the financial year (restated)			1,897,246	1,897,246
Total comprehensive income for the year (restated)		–	1,897,246	1,897,246
At 31 December 2019 (restated)		1	2,612,147	**2,612,148**
Profit for the financial year			417,726	**417,726**
Total comprehensive income for the year		–	417,726	**417,726**
At 31 December 2020		1	3,029,873	**3,029,874**

The notes on pages 13 to 24 form part of these Financial Statements.

1. General Information

Simple Power No.1 Limited is a private company limited by shares and is incorporated and domiciled in Northern Ireland. The address of its registered office is C/O Pinsent Masons LLP The Soloist, 1 Lanyon Place, Belfast, Northern Ireland.

The principal activity of the company is the production of renewable energy using wind turbines.

The Company's functional and presentation currency is the pound sterling.

2. Statement of Compliance

The individual financial statements of Simple Power No.1 Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland ("FRS 102") and the Companies Act 2006.

3. Accounting Policies

Basis of preparation

These financial statements are prepared on a going concern basis, under the historical cost convention, as modified by the revaluation of certain financial assets and liabilities.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed further in the accounting policies.

The accounting policies stated below have been consistently applied to the years presented, unless otherwise stated.

Going concern

Whilst the Company has net current liabilities, the financial statements have been prepared on a going concern basis as the Company's shareholders have confirmed the loan due to the immediate parent company will not be required to be repaid within twelve months from the date of approval of these financial statements. Further, the parent company, Simple Power Limited, will continue to support the operations of the Company for a period of at least 12 months from the date on which the financial statements are approved, by way of a letter of support.

3. Accounting Policies *(continued)*

Disclosure exemptions

The Company has take advantage of the exemption in FRS 102 Section 7 'Statement of Cash Flows' part 1B, which states that a small company is not required to prepare a cash flow statement.

The Company is wholly owned by Simple Power Finco Limited and has taken advantage of the exemption in section 33 of FRS 102 'Related Party Disclosures', that allows it not to disclose transactions with wholly owned members of a group.

The Company has taken advantage of the exemption from the financial instrument disclosures, required under FRS 102 paragraphs, 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b), 11.48(c), 12.26, 12.27, 12.29(a), 12.29(b) and 12.29A.

The Company has taken advantage of the exemption from disclosing the company key management personnel compensation, as required by FRS 102 paragraph 33.7.

3. Accounting Policies *(continued)*

Judgments and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported. These estimates and judgments are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Key sources of estimation uncertainty

Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome. The key assumptions and other sources of estimation uncertainty are as follows:

i) Impairment of assets (estimate)

The carrying value of those assets recorded in the Company's Statement of Financial Position, at amortised cost, could be materially reduced where circumstances exist which might indicate that an asset has been impaired and an impairment review is performed. Impairment reviews consider the fair value and/or value in use of the potentially impaired asset or assets and compare that with the carrying value of the asset or assets in the Statement of Financial Position. Any reduction in value arising from such a review would be recorded in the Statement of Comprehensive Income. Impairment reviews involve the significant use of assumptions. Consideration has to be given as to the price that could be obtained for the asset or assets, or in relation to a consideration of value in use, estimates of the future cash flows that could be generated by the potentially impaired asset or assets, together with a consideration of an appropriate discount rate to apply to those cash flows.

ii) Decommissioning provisions (estimate)

The provision for decommissioning costs is measured at management's best estimate of the present value of the expenditure required to settle the future obligation to return land on which there are operational wind farms, to its original condition. The level of the provisions is determined to a significant degree by the estimation of future dismantling and restoration costs, as well as the timing of dismantlement.

Management utilise external expertise to provide an estimated cost to dismantle and have used a discount rate of 1.4% to reflect the time value of money and the risks specific to the obligation. Management note that decommissioning provisions is a critical estimate. See note 15 for the provision recognised at 31 December 2020.

No judgements were made by management in preparing these financial statements.

Revenue recognition

Turnover, which excludes value added tax, represents the total invoiced value during the year and arises entirely in the UK. Turnover relates to the sale of renewable energy.

3. Accounting Policies *(continued)*

Income tax

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

i) Current Tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end. The directors periodically evaluate positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

ii) Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is also recognised on the revaluations of derivative financial instruments, with the movements going through the Statement of Comprehensive Income.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the deferred tax asset or liability.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of six months or less and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

Borrowings

Borrowings are recognised at amortised cost using the effective interest rate method. Under the effective interest rate method, any transaction fees, costs, discounts and premiums directly related to the borrowings are recognised in the Statement of Comprehensive Income over the life of the borrowings. Borrowings with maturities greater than twelve months after the reporting date are classified as non-current liabilities.

3. Accounting Policies ***(continued)***

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income and accumulated in equity, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in equity in respect of that asset, the excess shall be recognised in profit or loss.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Operational assets - 5% straight line

Assets under construction - not depreciated

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the Statement of Financial Position and the amount of the provision as an expense. Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset.

3. Accounting Policies ***(continued)***

Financial instruments

A financial asset or a financial liability is recognised only when the entity becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the transaction price and subsequently at amortised cost, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Debt instruments are subsequently measured at amortised cost.

Other financial instruments are subsequently measured at fair value, with any changes recognised in the Statement of Comprehensive Income, with the exception of hedging instruments in a designated hedging relationship.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in the Statement of Comprehensive Income immediately.

For all equity instruments regardless of significance, and other financial assets that are individually significant, these are assessed individually for impairment. Other financial assets are either assessed individually or grouped on the basis of similar credit risk characteristics.

Any reversals of impairment are recognised in the Statement of Comprehensive Income immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised. Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the Statement of Financial Position. Finance costs and gains or losses relating to financial liabilities are included in the Statement of Comprehensive Income. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

4. Turnover

Turnover arises from:

	2020	2019
	£	£
Sale of goods	**6,982,075**	7,804,473

4. Turnover *(continued)*

The whole of the turnover is attributable to the principal activity of the company wholly undertaken in the United Kingdom.

5. Operating Profit

Operating profit or loss is stated after charging:

	2020	2019 *(restated)*
	£	£
Depreciation of tangible assets	**2,023,481**	2,022,780
Impairment of stocks	**–**	259,250

See note 16 for details regarding the prior year restatement.

6. Auditors' Remuneration

	2020	2019
	£	£
Fees payable for the audit of the annual report and financial statements	**12,340**	10,000

Included in the fee above is £6,170 (2019: £5,000) for the audit of the immediate parent entity.

Non-audit fees to the value of £4,350 (2019: £nil) have been incurred in the year for tax related services.

7. Particulars of Employees and Directors

The average number of persons employed by the Company during the financial year amounted to nil (2019: nil). The directors are not employed by the Company and did not receive any remuneration from the Company during the year (2019: £nil).

8. Interest Payable and Similar Expenses

	2020	2019 *(restated)*
	£	£
Interest on bank loans and overdrafts	**–**	61
Interest due to Group undertakings	**1,285,989**	1,502,876
Unwinding of discount on provisions	**11,889**	11,692
	1,297,878	1,514,629

See note 16 for details regarding the prior year restatement.

9. Tax on Profit

Major components of tax income

	2020	2019
	£	£
Deferred tax:		
Origination and reversal of timing differences	**(31,009)**	–
Tax on profit	**(31,009)**	–

Reconciliation of tax income

The tax assessed on the profit for the year is lower than (2019: lower than) the standard rate of corporation tax in the UK of 19% (2019: 19%).

	2020	2019 (restated)
	£	£
Profit before taxation	**386,717**	1,897,246
Profit before taxation by rate of tax	**73,476**	360,477
Effect of expenses not deductible for tax purposes	**2,259**	–
Effects of group relief received	**(546,646)**	(508,992)
Transfer pricing adjustments	**75,181**	89,814
Deferred tax not provided	**364,721**	58,701
Total tax credit	**(31,009)**	–

Factors that may affect future tax income

Following the March 2021 budget, the corporate tax rate will increase from 19% to 25% with effect from April 2025. The deferred tax balance at 31 December 2020 has been calculated based on the rate substantively enacted at the balance sheet date of 19%.

10. Tangible Assets

	Operational assets	Assets under construction	Total
	£	£	**£**
Cost			
At 1 January 2020 (as restated)	40,616,718	56,779	**40,673,497**
Additions	–	5,218	**5,218**
At 31 December 2020	40,616,718	61,997	**40,678,715**
Depreciation			
At 1 January 2020 (as restated)	6,440,444	–	**6,440,444**
Charge for the year	2,023,481	–	**2,023,481**
At 31 December 2020	8,463,925	–	**8,463,925**
Carrying amount			
At 31 December 2020	32,152,793	61,997	**32,214,790**
At 31 December 2019 (as restated)	34,176,274	56,779	34,233,053

See note 16 for details regarding the prior year restatement.

11. Debtors

	2020	2019
	£	£
Amounts owed by Group undertakings	**1,313,507**	1,313,507
Prepayments and accrued income	**2,487,472**	2,861,992
Other debtors	**–**	39,600
	3,800,979	4,215,099

The amounts owed by group undertakings are interest free, unsecured and repayable on demand.

12. Creditors: amounts falling due within one year

	2020	2019
	£	£
Trade creditors	**170,743**	261,939
Amounts owed to group undertakings	**14,810,776**	14,499,091
Accruals	**88,279**	13,777
Taxation and social security	**104,898**	–
	15,174,696	14,774,807

Amounts owed to group undertakings are interest free, unsecured and repayable on demand.

13. Creditors: amounts falling due after more than one year

	2020	2019
	£	£
Amounts owed to group undertakings	**18,772,690**	20,480,264

Included within creditors: amounts falling due after more than one year is an amount of £18,772,690 (2019: £20,480,264) in respect of liabilities payable or repayable by instalments which fall due for payment after more than five years from the reporting date.

Amounts owned to Group undertakings - The Company issued £24,569,953 of Subordinated Loan Notes to a group company, Simple Power Finco Limited. The amount outstanding at 31 December 2020 is £18,772,690 (2019: £20,480,264) The investment bears interest at a rate of 6.5% and interest repayments are made semi-annually in March and September. Final repayment is due on 31 March 2037. Any unpaid interest is capitalised and bears interest at 6.5%. The investment sum was advanced under a subordinated loan agreement and is therefore unsecured, and would rank alongside ordinary creditors in the event of winding up.

14. Provisions for Liabilities

	Deferred tax (note 15)	Decommissio ning provision	**Total**
	£	£	**£**
At 1 January 2020 (as restated)	31,009	846,852	**877,861**
Additions	–	11,889	**11,889**
Deferred tax	(31,009)	–	**(31,009)**
At 31 December 2020	–	858,741	**858,741**

See note 16 for details regarding the prior year restatement.

15. Deferred Tax

The deferred tax included in the Statement of Financial Position is as follows:

	2020	2019
	£	£
Included in provisions for liabilities (note 14)	**-**	31,009

	2020
	£
Opening balance	31,009
Movement through the profit or loss	(31,009)
Closing balance	**-**

16. Prior Period Errors

a) Decommissioning provision

For the year ended 31 December 2019 no provision in respect of decommissioning of the wind farm sites was recognised. It was noted during the audit for the year ended 2020 that under FRS102 a provision should have been recognised. The impact of the error and resulting restatement for the year ended 31 December 2019 is as follows:

	01 January 2019	**Adjustments**	**01 January 2019 (restated)**
Statement of Financial Position	**£**	**£**	**£**
Tangible assets	35,485,391	713,664	36,199,055
Decommissioning provision	–	(835,160)	(835,160)
Profit and loss account	836,397	(121,496)	714,901

	31 December 2019	Adjustments	31 December 2019 (restated)
Statement of Financial Position	**£**	**£**	**£**
Tangible assets	33,551,503	681,550	34,233,053
Decommissioning provision	–	(846,852)	(846,852)
Profit and loss account	2,777,449	(165,302)	2,612,147
Statement of Comprehensive Income			
Administrative expenses	(2,569,169)	(32,113)	(2,601,282)
Interest payable and similar expenses	(1,502,937)	(11,692)	(1,514,629)

17. Called Up Share Capital

Issued, called up and fully paid

	2020		2019	
	No.	**£**	No.	£
Ordinary shares of £1 each	**1**	**1**	1	1

There is a single class of ordinary share. There are no restrictions on the distribution of dividends and the repayment of capital.

18. Related Party Transactions

The Company is wholly owned by Simple Power Limited and has taken advantage of the exemption in section 33 of FRS 102 'Related Party Disclosures', that allows it not to disclose transactions with wholly owned members of a group.

19. Controlling Party

The Company is 100% owned by Simple Power Limited. The ultimate controlling party is the Royal Bank of Scotland Group Pension Fund ("the Fund"). No beneficiaries of the Fund own, either individually or collectively, more than 10% of the Fund assets. The Fund is incorporated in the United Kingdom.