COMPANY REGISTRATION NUMBER: 10036423

Simec Power 1 Limited

Financial Statements

31 May 2017

KING AND KING
Chartered accountant & statutory auditor
Roxburghe House
273-287 Regent Street
London
United Kingdom
WIB 2HA

Simec Power 1 Limited

Financial Statements

Period from 1 December 2016 to 31 May 2017

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Simec Power 1 Limited

Officers and Professional Advisers

The board of directors	Mr P K Gupta Mr J B Busche Mr R Gandhi
Registered office	West Nash Road Gwent Newport United Kingdom NP18 2BZ
Auditor	King and King Chartered accountant & statutory auditor Roxburghe House 273-287 Regent Street London United Kingdom WIB 2HA
Bankers	Barclays Leicester LE87 2BB

Simec Power 1 Limited

Directors' Report

Period from 1 December 2016 to 31 May 2017

The directors present their report and the financial statements of the company for the period ended 31 May 2017.

Directors

The directors who served the company during the period were as follows:

Mr P K Gupta
Mr J B Busche
Mr R Gandhi

Events after the end of the reporting period

Particulars of events after the reporting date are detailed in note 11 to the financial statements.

Directors' responsibilities statement

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 period. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 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 judgments and accounting estimates that are reasonable and prudent;
- 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 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.

Auditor

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 auditor is 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 auditor is aware of that information.

Small company provisions

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

This report was approved by the board of directors on 13 March 2019 and signed on behalf of the board by:

Mr P K Gupta
Director

Registered office:
West Nash Road Gwent
Newport
United Kingdom
NP18 2BZ

Opinion

We have audited the financial statements of Simec Power 1 Limited (the 'company') for the period ended 31 May 2017 which comprise the statement of comprehensive income, statement of financial position, 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 FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

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.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 May 2017 and of its loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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 UK, including the FRC'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.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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. 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.

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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in this regard.

Opinions 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 directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has 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 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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 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.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment 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 on the effectiveness of the 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.

Milankumar H Patel (Senior Statutory Auditor)

For and on behalf of
King and King
Chartered accountant & statutory auditor
Roxburghe House
273-287 Regent Street
London
United Kingdom
WIB 2HA

13 March 2019

Simec Power 1 Limited

Statement of Comprehensive Income

Period from 1 December 2016 to 31 May 2017

	Note	Period from 1 Dec 16 to 31 May 17 £	Period from 2 Mar 16 to 30 Nov 16 £
Administrative expenses		1,254,132	5,500
Operating loss		(1,254,132)	(5,500)
Interest payable and similar expenses		198,633	7,007
Loss before taxation		(1,452,765)	(12,507)
Tax on loss	5	292,045	76,489
Loss for the financial period and total comprehensive income		(1,744,810)	(88,996)

All the activities of the company are from continuing operations.

The company has no other recognised items of income and expenses other than the results for the period as set out above.

Simec Power 1 Limited

Statement of Financial Position

31 May 2017

	Note	31 May 17 £	30 Nov 16 £
Fixed assets			
Tangible assets	6	16,516,750	2,018,330
Current assets			
Debtors	7	3,067,622	1,293,900
Cash at bank and in hand		36,686	49,957
		3,104,308	1,343,857
Creditors: amounts falling due within one year	8	21,086,329	2,665,732
Net current liabilities		17,982,021	1,321,875
Total assets less current liabilities		(1,465,271)	696,455
Creditors: amounts falling due after more than one year	9	–	708,961
Provisions		368,534	76,489
Net liabilities		(1,833,805)	(88,995)
Capital and reserves			
Called up share capital		1	1
Profit and loss account		(1,833,806)	(88,996)
Shareholders deficit		(1,833,805)	(88,995)

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

These financial statements were approved by the board of directors and authorised for issue on 13 March 2019, and are signed on behalf of the board by:

Mr P K Gupta
Director

Company registration number: 10036423

Simec Power 1 Limited

Statement of Changes in Equity

Period from 1 December 2016 to 31 May 2017

	Called up share capital £	Profit and loss account £	Total £
At 2 March 2016	–	–	–
Loss for the period		(88,996)	(88,996)
Total comprehensive income for the period	–	(88,996)	(88,996)
Issue of shares	1	–	1
Total investments by and distributions to owners	1	–	1
At 30 November 2016	1	(88,996)	(88,995)
Loss for the period		(1,744,810)	(1,744,810)
Total comprehensive income for the period	–	(1,744,810)	(1,744,810)
At 31 May 2017	1	(1,833,806)	(1,833,805)

The notes on pages 11 to 17 form part of these financial statements.

1. General information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is West Nash Road Gwent, Newport, United Kingdom, NP18 2BZ.

2. Statement of compliance

These financial statements have been prepared in compliance with Section 1A of FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through profit or loss.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Going concern

At the time of preparing these financial statements, the Director has a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Hence, these financial statements have been prepared on a going concern basis. While assessing the going concern, the Director has obtained assurance of continued financial support from its ultimate parent, Simec Group Ltd.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements 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.

Income tax

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

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.

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 largely independent of the cash inflows from other assets or groups of assets.

For impairment testing of goodwill, the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the company are assigned to those units.

Finance leases and hire purchase contracts

Assets held under finance leases and hire purchase contracts are recognised in the statement of financial position as assets and liabilities at the lower of the fair value of the assets and the present value of the minimum lease payments, which is determined at the inception of the lease term. Any initial direct costs of the lease are added to the amount recognised as an asset.

Lease payments are apportioned between the finance charges and reduction of the outstanding lease liability using the effective interest method. Finance charges are allocated to each period so as to produce a constant rate of interest on the remaining balance of the liability.

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.

3. Accounting policies *(continued)*

Provisions *(continued)*

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. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

Financial instruments

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

Basic financial instruments are initially recognised at the transaction price, 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.

Where investments in non-convertible preference shares and non-puttable ordinary shares or preference shares are publicly traded or their fair value can otherwise be measured reliably, the investment is subsequently measured at fair value with changes in fair value recognised in profit or loss. All other such investments are subsequently measured at cost less impairment.

Other financial instruments, including derivatives, are initially recognised at fair value, unless payment for an asset is deferred beyond normal business terms or financed at a rate of interest that is not a market rate, in which case the asset is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Other financial instruments are subsequently measured at fair value, with any changes recognised in profit or loss, 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 profit or loss 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 profit or loss 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.

4. Auditor's remuneration

	Period from 1 Dec 16 to 31 May 17	Period from 2 Mar 16 to 30 Nov 16
	£	£
Fees payable for the audit of the financial statements	6,000	4,000

5. Tax on loss

Major components of tax expense

	Period from 1 Dec 16 to 31 May 17	Period from 2 Mar 16 to 30 Nov 16
	£	£
Deferred tax:		
Origination and reversal of timing differences	292,045	76,489
Tax on loss	292,045	76,489

Reconciliation of tax expense

The tax assessed on the loss on ordinary activities for the period is higher than (2016: higher than) the standard rate of corporation tax in the UK of 19% (2016: 20%).

	Period from 1 Dec 16 to 31 May 17	Period from 2 Mar 16 to 30 Nov 16
	£	£
Loss on ordinary activities before taxation	(1,452,765)	(12,507)
Loss on ordinary activities by rate of tax	(276,025)	(2,501)
Effect of capital allowances and depreciation	(508,225)	(80,515)
Loss surrendered for Group relief	784,250	83,016
Deferred tax	292,045	76,489
Tax on loss	292,045	76,489

6. Tangible assets

	Plant and machinery £
Cost	
At 1 December 2016	2,018,330
Additions	19,806,177
Disposals	(5,307,757)
At 31 May 2017	16,516,750
Depreciation	
At 1 December 2016 and 31 May 2017	–
Carrying amount	
At 31 May 2017	16,516,750
At 30 November 2016	2,018,330

The plant and machinery is not in operational use and hence has not been depreciated.

Finance leases and hire purchase contracts

Included within the carrying value of tangible assets are the following amounts relating to assets held under finance leases or hire purchase agreements:

	Plant and machinery £
At 31 May 2017	3,296,242
At 30 November 2016	2,018,330

7. Debtors

	31 May 17 £	30 Nov 16 £
Amounts owed by group undertakings and undertakings in which the company has a participating interest	1,811,552	–
Other debtors	1,256,070	1,293,900
	3,067,622	1,293,900

8. Creditors: amounts falling due within one year

	31 May 17	30 Nov 16
	£	£
Trade creditors	3,507,561	1,395,926
Amounts owed to group undertakings	7,259,427	1,099,851
Accruals and deferred income	13,000	5,500
Obligations under finance leases and hire purchase contracts	3,079,341	164,455
Other creditors - related parties	7,227,000	–
	21,086,329	2,665,732

Obligations under finance leases has been secured by a fixed and floating charge over the assets of the company and a guarantee of Simec Group Ltd, the ultimate parent undertaking.

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

	31 May 17	30 Nov 16
	£	£
Obligations under finance leases and hire purchase contracts	–	708,961

Obligations under finance leases has been secured by a fixed and floating charge over the assets of the company and a guarantee of Simec Group ltd, the ultimate parent undertaking..

10. Deferred tax

The deferred tax included in the statement of financial position is as follows:

	31 May 17	30 Nov 16
	£	£
Included in provisions	368,534	76,489

The deferred tax account consists of the tax effect of timing differences in respect of:

	31 May 17	30 Nov 16
	£	£
Accelerated capital allowances	368,534	76,489

11. Events after the end of the reporting period

After the year end, the company was transferred out of the group headed by Simec Group Ltd into a group headed by Simec Investments 32 Pte Ltd, a company controlled and fully owned by the same ultimate beneficial owner, Mr P K Gupta.

12. Related party transactions

The company has taken advantage of the exemption not to disclose balances or transactions with wholly owned members of Simec Group Ltd, a company incorporated in Hong Kong.

GFG Alliance encompasses companies under the control of P.K. Gupta and his son S.K. Gupta.

During the period, Liberty FE Trade DMCC, a GFG Alliance company, had provided an unsecured and interest free loan of £1,754,000 to the company for which no fixed terms of repayments have been agreed. The balance outstanding and payable at the balance sheet date was £1,754,000 (2016: Nil).

During the period, Liberty Commodities Limited, a GFG Alliance company, had provided an unsecured and interest free loan of £1,900,000 to the company for which no fixed terms of repayments have been agreed. The balance outstanding and payable at the balance sheet date was £1,900,000(2016: Nil).

During the period, Liberty Aluminium Lochaber Ltd, a GFG Alliance company, had provided an unsecured and interest free loan of £3,362,000 to the company for which no fixed terms of repayments have been agreed. The balance outstanding and payable at the balance sheet date was £3,362,000(2016: Nil).

During the period, C S Management Services Ltd, a GFG Alliance company, had provided an unsecured and interest free loan of £211,000 to the company for which no fixed terms of repayments have been agreed. The balance outstanding and payable at the balance sheet date was £211,000(2016: Nil).

13. Controlling party

The immediate parent undertaking is Simec Energy Holdings 1 Ltd.

The largest and smallest group in which the results of the company are consolidated is headed by Simec Group Ltd. The consolidated financial statements of this group will be available to the public and can be obtained from the Company Secretary, Suite 2202-2204, Gloucester Tower, The Landmark, 11 Pedder Street, Hong kong.

Simec Group Ltd, a company incorporated in Hong Kong, is the ultimate holding company. Mr P K Gupta is the ultimate controlling party of the company by virtue of his 100% shareholding in the ultimate holding company.