Company Registration No. SC315779

SIMEC GHR Ltd

Report and Financial Statements

For the period from 1 October 2018 to 31 December 2019

SIMEC GHR Ltd

Report and financial statements 2019

Officers and professional advisers

Directors

Alexander Reading	(appointed 8 July 2019)
Ian Cartwright	(appointed 8 July 2019)
Stephen Hutt	(appointed 1 August 2019)
Mohit Tayal	(resigned 8 July 2019)

Secretary

Intertrust (UK) Limited

Registered office

1st Floor Cef Building
Inveralmond Road
Inveralmond Industrial Estate
Perth
PH1 3TW

Auditor

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

SIMEC GHR Ltd

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 period from 1 October 2018 to 31 December 2019.

On 31 October 2019, the Company was acquired by SIMEC Atlantis Energy Limited ("Atlantis"), a company listed on AIM, from SIMEC GHR Acquisitions Topco Limited ("TopCo"). Prior to the acquisition the year end date of the Company was 30 September. Subsequent to the acquisition, the accounting period was extended to 31 December, in line with the Atlantis group.

Principal activities

The principal activity of the company is the development, operation and management of small and medium sized hydro electric schemes to generate renewable energy on behalf of scheme owners.

On 1 November 2019, the Company was acquired by SIMEC Atlantis Energy Limited ('Atlantis').

Results and dividends

The loss for the period, after taxation, amounted to £2,975,959 (year ended 30 September 2018: profit of £6,218,581). The loss in the period to 31 December 2019 is driven by non-recurring expenses of £3,114,262 relating to a write-off of loans due from the larger group which owned SIMEC GHR prior to acquisition by Atlantis.

During the period, the company declared a dividend of £12,100,000 (year ended 30 September 2018: £5,483,000).

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.

Political contributions

No political donations were made by the company during the year.

Key risks and uncertainties

During the year, management considered the recoverability of its receivables and the carrying value of PPE and is confident that the carrying amounts of the assets will be recovered in full.

Results for the year

The directors are satisfied with the results for the period which are set out on page 8.

SIMEC GHR Ltd

Directors' report

Business Review

The loss for the period does not properly reflect the underlying business of the Company; during the period the Operations & Maintenance business saw good growth with Project Management and Consultancy generating a steady performance. Margins were slightly compressed as some of this work related to intra-group projects. The outlook remains strong with business growth being seen in the core areas.

Going concern

The Company is in a net asset position as at 31 December 2019. The Directors have considered the Company's cash position and forecast cash flows for 12 months from the date of these financial statements, arising from the services to be rendered and consultancy projects. Based on forecasts and projections arising from projects and contracts with customers, the Company is expected to be able to operate for the foreseeable future within the level of currently available funds and expected future customer receipts. If required, the Company's ultimate parent Atlantis has provided a letter of support confirming that continued financial support will be provided if required. The Directors do not envisage this will be necessary.

In consideration of the above factors and after the review of projects and current contracts, the Directors have, at the time of approving the financial statements, a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements. (see note 2).

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 director is aware, there is no relevant audit information of which the company's auditor is unaware; and

- the director has taken all the steps that they ought to have taken as a director 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

Following an Atlantis group tender for audit services, Ernst & Young LLP were appointed as auditor during the year. Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and Ernst & Young LLP will therefore continue in office.

Approved by the Board and signed on its behalf by:

Stephen Hutt
Director   16 December 2020

SIMEC GHR Ltd

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 International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU) 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 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, relevant and reliable;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- 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 SIMEC GHR Ltd

Opinion

We have audited the financial statements of SIMEC GHR Ltd for the period from 1 October 2018 to 31 December 2019 which comprise the statement of profit and loss and other comprehensive income, the statement of financial position, the statement of changes in equity and the related notes 1 to 25, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. 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.

Emphasis of matter – Effects of COVID-19

We draw attention to Notes 2 and 25 of the financial statements which describes the economic and social disruption the company is facing as a result of COVID-19 which is impacting supply chains, financial markets and personnel available for work. Our opinion is not modified in respect of this matter.

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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SIMEC GHR Ltd (CONTINUED)

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this 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 the 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 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

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 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SIMEC GHR Ltd (CONTINUED)

Auditor's responsibilities for the audit of the financial statements

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

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

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
16 December 2020

SIMEC GHR Ltd

Statement of profit and loss and other comprehensive income
Period from 1 October 2018 to 31 December 2019

	Notes	Period from 1 October 2018 to 31 December 2019 £	Year to 30 September 2018 £
Revenue from contracts with customers	4	3,789,755	2,376,878
Cost of sales		(2,136,914)	(1,322,041)
Gross profit		1,652,841	1,054,837
Administrative expenses		(2,111,392)	(1,098,493)
Loss from operating activities before non-recurring items *	5	(458,551)	(43,656)
Nonrecurring items	6	(3,114,262)	(647,934)
Gain on disposal of fixed asset investments	13	-	6,582,938
Results from operating activities		(3,572,813)	5,891,348
Interest receivable and similar income	8	991,185	1,175,467
Finance costs	9	(394,331)	(848,234)
(Loss)/profit before income tax		(2,975,959)	6,218,581
Taxation	10	-	-
(Loss)/profit for the year, representing total comprehensive income for the year		(2,975,959)	6,218,581
Other comprehensive income		-	-
Total comprehensive income		(2,975,959)	6,218,581

The notes on pages 12 to 32 form an integral part of these financial statements.

- Non-recurring items - Items which individually or, if of a similar type, in aggregate need to be separately disclosed by virtue of their nature, size or incidence in order to allow a proper understanding of the underlying financial performance of the Company. See note 6

SIMEC GHR Ltd

Statement of financial position
Period from 1 October 2018 to 31 December 2019

	Notes	As at 31 December 2019 £	As at 30 September 2018 £	As at 1 October 2017 £
Non-current assets				
Property, plant and equipment	11	63,202	45,356	30,638
Right-of-use assets	12	57,056	-	-
Investments	13	-	2	2,941
Total non-current assets		120,258	45,358	33,579
Current assets				
Trade and other receivables	14	705,632	30,771,577	23,957,331
Cash and cash equivalents	15	1,220,661	2,156,542	485,434
Total current assets		1,926,293	32,928,119	24,442,765
Total assets		2,046,551	32,973,477	24,476,344
Current liabilities				
Trade and other payables	16	(772,647)	(1,032,343)	(5,284,126)
Loans and borrowings	17	-	(76,500)	-
Lease liabilities	12	(19,740)	-	-
Total current liabilities		(792,387)	(1,032,343)	(5,284,126)
Non-current liabilities				
Loans and borrowings	17	(38,460)	(14,923,500)	-
Amounts due to related parties	18	-	(725,971)	(3,636,136)
Total non-current liabilities		(38,460)	(15,649,471)	(3,636,136)
Total liabilities		(830,847)	(16,681,814)	(8,920,262)
Net assets		1,215,704	16,291,663	15,556,082
Equity and reserves				
Share capital	19	15,338	15,338	15,338
Accumulated profits		1,200,366	16,276,325	15,540,744
Total equity		1,215,704	16,291,663	15,556,082

The notes on pages 12 to 312 form an integral part of these financial statements.

These financial statements were approved by the board of directors on 16 December 2020 and were signed on its behalf by:

Stephen Hutt
Director
Company Registration No. SC315779

SIMEC GHR Ltd

Statement of changes in equity
For the period from 1 October 2018 to 31 December 2019

		Share capital £	Accumulated profits £	Total £
Balance at 1 October 2017		15,338	15,540,744	15,556,082
Total comprehensive income for the period				
Profit for the year		-	6,218,581	6,218,581
Payment of dividends	20	-	(5,843,000)	(5,843,000)
Balance at 30 September 2018		15,338	16,276,325	16,291,663
Total comprehensive income for the period				
Loss for the year		-	(2,975,959)	(2,975,959)
Payment of dividends	20	-	(12,100,000)	(12,100,000)
Balance at 31 December 2019		15,338	1,200,366	1,215,704

The notes on pages 12 to 32 form an integral part of these financial statements.

SIMEC GHR Ltd

Cash flow statement
For the period from 1 October 2018 to 31 December 2019

	Notes	Period from 1 October 2018 to 31 December 2019	Year to 30 September 2018
		£	£
Cashflows from operating activities			
(Loss)/profit for the year		(2,975,959)	6,218,581
Adjustments for:			
Depreciation	5	54,869	18,829
Finance costs	9	394,331	848,234
Interest income	8	(991,185)	(1,175,467)
Gain on disposal of subsidiary investments		-	(6,582,938)
Operating cash (outflows) before movements in working capital		(3,517,944)	(672,761)
Movement in trade and other receivables		30,065,945	(5,638,779)
Movement in trade and other payables		(807,989)	(885,918)
Net cash from/(used in) operating activities		27,355,992	(7,197,458)
Cashflows used in investing activities			
Expenditure on PPE		(49,212)	(33,547)
Disposal of investment in subsidiaries		-	3,143,512
Net cash used in investing activities		(49,212)	3,108,965
Cashflows (used in)/from financing activities			
Proceeds from borrowings		-	15,000,000
Interest paid	17	(235,877)	(9,074)
Interest paid to related parties		-	(839,160)
Dividends paid to equity holders	20	(12,100,000)	(5,483,000)
Repayment of borrowings	17	(15,000,000)	-
Repayment of borrowings from related parties	17	(881,128)	(2,910,165)
Repayment of lease liabilities	12	(25,656)	-
Net cash (used in)/from financing activities		(28,242,661)	5,758,604
Net (decrease)/increase in cash and cash equivalents		(935,881)	1,671,108
Cash and cash equivalents at beginning of year		2,156,542	485,434
Cash and cash equivalents at end of year	15	1,220,661	2,156,542

The notes on pages 12 to 312 form an integral part of these financial statements.

Notes to the financial statements
For the period from 1 October 2018 to 31 December 2019

1. General information

SIMEC GHR Ltd is a company incorporated in Scotland under the Companies Act 2006. The address of the registered office is given on page 1.

The principal activity of the company during the year is the development, operation and management of small and medium-sized hydro electric schemes to generate renewable energy.

These financial statements are presented in pounds sterling ("£") which is also the currency of the primary economic environment in which the company operates.

The immediate and ultimate holding company is SIMEC Atlantis Energy Limited, a company incorporated in Singapore.

2. Going concern

The Company made a loss during the year of £2,975,959 (2018: profit £6,218,581). In the year to 31 December 2019 the Company suffered non-recurring expenses of £3,114,262 relating to the write off of a loan receivable from TopCo that arose during the restructuring of the larger group prior to acquisition by Atlantis.

The Company has net assets of £1,215,704 as at the balance sheet date (2018: £16,291,663). The Directors have considered the Company's cash position and forecast cash flows over the period to 31 December 2021, arising from the services to be rendered and consultancy projects. Based on forecasts and projections arising from projects and contracts with customers, the Company is expected to be able to operate for the foreseeable future within the level of currently available funds and expected future customer receipts. If required, the Company's ultimate parent Atlantis has provided a letter of support confirming that continued financial support will be provided if required. The Directors do not envisage this will be necessary.

The broader political and economic uncertainty coupled with the potential future impact on the Company of the recent COVID-19 outbreak has been factored into the scenarios considered as part of the Company's adoption of the going concern assumption. The Director's have assessed the projected performance and cash flows of the Company, based on its operating model, and are satisfied that the Company will be able to meet its obligations as they fall due for the foreseeable future and for a period in excess of 12 months from the approval of these financial statements. Accordingly, the Directors are satisfied that the going concern basis remains appropriate.

In consideration of the above factors and after the review of the projects, the directors have, at the time of approving the financial statements, a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

3. Significant accounting policies

3.1 Basis of accounting

In the current year, the Company adopted International Financial Reporting Standards as adopted by the EU (IFRS). The Company's date of transition to IFRS is 1 October 2017. In previous years the financial statements were prepared in accordance with FRS 102 (See note 24).

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements, other than standards applied for the first time in 2019.

The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: financial instruments classified as fair value through the profit or loss.

Adoption of New and Revised Standards

A number of amendments to standards and interpretations are effective for annual periods beginning after 1 January 2019. Except from the introduction of IFRS 16, amendments to standards and interpretations had no impact on the financial statements of the Company.

3.1 Basis of accounting (continued)

Impact of initial application of IFRS 16 Lease

In the current year, the Company has applied IFRS 16 (as issued by the IASB in January 2016) that is effective for annual periods that begin on or after 1 January 2019.

IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use ("ROU") asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. The impact of the adoption of IFRS 16 on the Company's financial statements is described below.

Lessee Accounting

The Company has applied IFRS 16 from 1 January 2019 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17. The Company has land, office premises and office equipment leases.

The Company has made use of the practical expedient available on transition to IFRS 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with IAS 17 and IFRIC 4 will continue to be applied to those contracts entered or modified before 1 January 2019. The Company applied the available practical expedient to rely on its assessment of where leases are onerous immediately before the date of initial application.

In applying IFRS 16, the Company recognises ROU assets and lease liabilities in the consolidated statement of financial position, initially measured at the present value of the future lease payments with the ROU Asset adjusted by the amount of any prepaid or accrued lease payments. Each payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The ROU asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. Land and buildings have a remaining lease term between 23 – 93 years.

Variable lease payments that depend on an index are initially recognised in the lease liability using the index at the commencement date. There is no requirement for an entity to forecast future changes in the index; these changes are taken into account at the point in time in which lease payments change and the ROU asset and lease liability are remeasured. Variable lease payments linked to future performance or usage of the leased items are excluded from the measurement of lease assets and lease liabilities. Instead, these costs are recognised as expenses in the period in which they are incurred.

Following application of IFRS 16 as at 1 January 2019, the Company recognised ROU assets and lease liabilities totalling £80,559; no adjustment was made to retained earnings. See note 12 for full disclosure.

3.1 Basis of accounting (continued)

Summary of New Accounting Policy:

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee
The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use Assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.
The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses the interest rate implied in the lease agreements, or if that rate cannot be readily determined, the Company's incremental borrowing rate at the lease commencement date. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value (i.e., below £5,000). Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

3.2 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 investments in equity and debt securities, 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. IFRS 9 requires the Company to recognise an allowance for ECLs for all debt instruments not held at fair value through profit or loss and contract assets.

For the company's financial asset being trade receivables, 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.

3.2 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.

Interest-bearing loans and overdrafts are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the company's accounting policy for borrowing costs (see note 3.8).

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.

3.3 Revenue from contracts with customers

Revenue is measured at the fair value of the consideration received or receivable, net of sales related taxes. Revenue from contracts to provide services for project management, administration, operation and maintenance of special purpose vehicles is recognised in the period in which the control of services are provided in accordance with the state of completion of the contract when all the following conditions are satisfied; the performance obligation has been met and the amount of revenue can be measured reliably.

3.4 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Freehold land is stated in the statement of financial position at cost, less any subsequent accumulated impairment losses. Freehold land is not depreciated.

Property, plant and equipment in the course of construction for production are carried at cost, less any recognised impairment loss. Cost includes directly attributable finance costs and professional fees in accordance with the company's accounting policy. Depreciation of these assets, on the same basis as other assets, commences when the assets are ready for their intended use.

Depreciation is charged so as to write off the cost of assets, other than freehold land and construction-in-progress, over their estimated useful lives using the straight-line method, on the following basis:

Plant and equipment	-	5 years
Motor vehicles	-	3 years
Fixtures and fittings	-	3 years

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

The gain or loss arising on disposal or retirement of an item of plant and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised in profit or loss.

Fully depreciated assets still in use are retained in the financial statements.

3.5 Impairment of assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, testing for impairment is undertaken.

3.6 Grants

Grants are not recognised until there is reasonable assurance that the company will comply with the conditions attached to them and that the grants will be received. Government grants whose primary condition is that the company should purchase, construct or otherwise acquire non-current assets are presented as a deduction from the carrying amount of the related assets, and recognised as income over the useful lives of the assets by way of a reduced depreciation charge.

Grants that are receivable as compensation for expenses or losses already incurred, or for the purpose of giving immediate financial support to the company with no future related costs are recognised in profit or loss in the period in which they become receivable.

3.7 Taxation

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

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 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.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the company intends to settle its current tax assets and liabilities on a net basis.

3.8 Finance income and finance costs

Interest income is accrued on a time basis, by reference to the principal outstanding and the effective interest rate applicable.

Finance cost comprises interest expense on borrowings and changes in fair values of derivative liabilities. All borrowing costs are recognised in the profit or loss using the effective interest method, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use or sale.

3.9 Provisions

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of reporting period, taking into account the risks and uncertainties surrounding the obligation. If the effect of the time value of money is material, discounting is applied.

3.10 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

3.11 Retirement benefit obligations

The Company operates a defined contribution plan for its employees. A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement in the periods during which services are rendered by employees.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, which are described in note 3, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

4. Revenue

An analysis of the Company's revenue is as follows:

	Period from 1 October 2018 to 31 December 2019	Year ended 30 September 2018
	£	£
Consultancy	499,758	462,644
Project management	325,720	276,319
Operations and maintenance	1,650,973	1,237,914
Construction management	1,020,839	9,657
Administration services	257,694	255,573
Development fees	34,771	134,771
	3,789,755	2,376,878

5. Operating loss

This is stated after charging/(crediting):

	Period from 1 October 2018 to 31 December 2019	Year ended 30 September 2018
	£	£
Depreciation on property, plant and equipment	31,366	18,829
Depreciation on right-of-use assets	23,503	-
Fees paid to the company's auditor for:		
Audit of the Company's financial statements	20,000	15,650
Audit of the financial statements of previous group undertakings	-	3,650
Tax compliance services	-	2,350
Rental expenses	6,351	24,669

6. Nonrecurring expenses

In the period to 31 December 2019, nonrecurring expenses relate to £2,968,618 loss on the write off of loan receivable from the previous parent TopCo, that arose during the restructuring of the larger group prior to acquisition by Atlantis and £145,644 of costs relating to aborted acquisition costs.

In the period to 30 September 2018 expenses relate to the exploratory costs of a debt fundraising exercise undertaken in the year and fees associated with an aborted potential acquisition.

7. Employee benefits expenses and directors' remuneration

The average number of staff employed by the Company during the financial year amounted to:

	Period from 1 October 2018 to 31 December 2019	Year ended 30 September 2018
Average number of staff	22	20

The aggregate payroll costs of the above were:

	Period from 1 October 2018 to 31 December 2019	Year ended 30 September 2018
	£	£
Wages and salaries	1,449,918	1,079,810
Social security costs	155,666	72,082
Defined contribution pension cost	112,815	58,720
Other related costs	12,642	6,624
	1,731,041	1,217,236

Included in staff costs is directors' remuneration of £475,709 paid in respect of the period from 1 October 2018 to 31 December 2019.

In the year ended 30 September 2018, former directors (who resigned on 24 September 2018) received remuneration of £155,162 from the Company and remuneration of £264,478 from SIMEC GHR Acquisitions Limited, the former immediate parent of the Company, in respect of their position as directors of the Company and other previous group companies.

8. Interest receivable and similar income

	Period from 1 October 2018 to 31 December 2019	Year ended 30 September 2018
	£	£
Interest receivable from previous group undertakings	879,765	1,174,822
Other interest receivable	111,420	645
	991,185	1,175,467

Notes to the financial statements
For the period from 1 October 2018 to 31 December 2019

9. Finance costs

	Period from 1 October 2018 to 31 December 2019 £	Year ended 30 September 2018 £
Bank interest on loans and overdrafts	235,877	9,074
Interest payable to previous group undertakings	155,157	839,160
Unwind of discount on lease liabilities	3,297	-
	394,331	848,234

10. Taxation

	Period from 1 October 2018 to 31 December 2019 £	Year ended 30 September 2018 £
(Loss)/profit for the year	(2,975,959)	6,218,581
Total tax expense	-	-
(Loss)/profit excluding taxation	(2,975,959)	6,218,581
Tax using the UK corporation tax rate of 19% (2018: 19%)	(565,432)	1,181,530
Effect of expenses that are not deductible	591.710	-
Utilisation of losses for which no deferred tax asset was recognised	(26,278)	(1,181,530)
Total tax expense	-	-

At the end of the reporting period, the company has unutilised tax losses of £1,149,190 (year ended 30 September 2018: £1,175,468) available for offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams.

In the United Kingdom, applicable rate of tax is computed at 19% (2018: 19%).

11. Property, plant and equipment

	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Total £
Cost:				
At 1 October 2017	32,358	18,417	38,402	89,177
Additions	22,530	-	11,017	33,547
At 30 September 2018	54,888	18,417	49,419	122,724
Additions	-	22,851	26,361	49,212
At 31 December 2019	54,888	41,268	75,780	171,936
Accumulated depreciation:				
At 1 October 2017	15,279	9,114	34,146	58,539
Depreciation for the year	8,102	3,605	7,122	18,829
At 30 September 2018	23,381	12,719	41,268	77,368
Depreciation for the year	9,861	10,112	11,393	31,366
At 31 December 2019	33,242	22,831	52,661	108,734
Carrying amount:				
At 1 October 2017	17,079	9,303	4,256	30,638
At 30 September 2018	31,507	5,698	8,151	45,356
At 31 December 2019	21,646	18,437	23,119	63,202

12. Leases

The Company has lease contracts for office buildings, with lease terms remaining between 3 and 5 years. Set out below are the carrying amounts of right-of use assets recognised and the movements during the period:

	Land and buildings 2019 £
At 1 January	80,559
Depreciation expense	(23,503)
At 31 December	57,056

Notes to the financial statements
For the period from 1 October 2018 to 31 December 2019

12. Leases (continued)

Set out below are the carrying amounts of lease liabilities recognised and the movements during the period:

	2019 £
At 1 January	(80,559)
Accretion of interest	(3,297)
Payments	25,656
At 31 December	(58,200)
Current	(19,740)
Non-current	(38,460)
	(58,200)

The following are the amounts recognised in the profit or loss:

	2019 £
Depreciation expense of right-of-use assets	23,503
Interest expenses on lease liabilities	3,297
	26,800

The lease liabilities as at 30 September 2018 can be reconciled to the operating lease commitments as of 1 January 2019 as follows:

	£'000
Operating lease commitments as at 30 September 2018	94,318
Payments	(6,007)
Operating lease commitments as at 31 December 2018	88,311
Effect of discounting	(7,752)
Lease liabilities recognised on adoption of IFRS 16 at 1 January 2019	80,559

The lease commitments disclosed in 2018 were not discounted, whilst the IFRS 16 obligations have been discounted based on the Company's incremental borrowing rate with a weighted average of 5%.

Notes to the financial statements
For the period from 1 October 2018 to 31 December 2019

13. Investments

	£
Cost	
At 1 October 2017	2,941
Disposals	(2,939)
At 30 September 2018	2
Disposals	(2)
At 31 December 2019	-
Net book value	
At 1 October 2017	2,941
At 30 September 2018	2
At 31 December 2019	-

As at the 31 December 2019 the following subsidiaries were in the process of being dissolved. As at the date of the approval of this report, both companies have been dissolved.

- Green Highland Allt Larairidh (1123) Limited
- Green Highland Allt na H-Imrich (408) Limited

In the prior year, the Company sold its investments in the following companies:

- Liatrie Burn Hydro Limited
- Bruachaig Hydro Limited
- Chaorach Holdings Limited
- Green Highland Renewables (Loch Arkaig) Limited
- SIMEC GHR Argyll Ltd (formerly Abhainn Bheagaig Hydro Ltd)
- SIMEC GHR Barrs Hydro Ltd (formerly Green Highland Allt na Lairige Ltd)
- SIMEC GHR Etive Gridco Ltd (formerly Green Highland Allt na Lairige Ltd)
- SIMEC GHR Nathrach Hydro Ltd (formerly Nathrach Hydro Ltd)
- Coiltie Hydro Limited

Notes to the financial statements
For the period from 1 October 2018 to 31 December 2019

14. Trade and other receivables

	As at 31 December 2019 £	As at 30 September 2018 £	As at 1 October 2017 £
Trade receivables	329,426	751,322	234,969
Prepayments and accrued income	376,206	473,460	829,831
Amounts due from previous group undertakings	-	15,353,594	22,892,531
Amounts due from previous parent undertakings	-	14,193,201	-
	705,632	30,771,577	23,957,331

No provision for expected credit loss has been made for the receivable balances based on materiality.

15. Cash and cash equivalents

	As at 31 December 2019 £	As at 30 September 2018 £	As at 1 October 2017 £
Cash at bank and in hand	1,220,661	2,156,542	485,434

16. Trade and other payables

	As at 31 December 2019 £	As at 30 September 2018 £	As at 1 October 2017 £
Trade payables	192,914	48,482	94,281
Accruals and deferred income	443,529	723,607	451,975
Value-added tax payable	32,243	-	-
Other taxation and social security	100,961	159,287	39,855
Bank loans and overdrafts	-	3,815	1,131
Amounts owed to previous group undertakings	-	12,212	4,690,138
Other payables	3,000	8,440	6,746
	772,647	955,843	5,284,126

Notes to the financial statements
For the period from 1 October 2018 to 31 December 2019

17. Loans and borrowings

	As at 31 December 2019 £	As at 30 September 2018 £	As at 1 October 2017 £
Bank loans < 1 year – current	-	76,500	-
Bank loans > 1 year – non current	-	14,923,500	-
	-	15,000,000	-

The company's exposures to interest rate, foreign currency and liquidity risks are described in note 21.

Reconciliation of movements of liabilities to cash flows arising from financing activities:

	Loans and borrowings £
At 1 October 2017	-
Proceeds from borrowings	15,000,000
Interest expense	9,074
Interest paid	(9,074)
As at 30 September 2018	15,000,000
Repayments	(15,000,000)
Interest expenses	235,877
Interest expense	(235,877)
At 31 December 2019	-

18. Amounts due to related parties

	As at 31 December 2019 £	As at 30 September 2018 £	As at 1 October 2017 £
Amounts due to related parties	-	725,971	3,636,136

19. Share capital

	As at 31 December 2019 £	As at 30 September 2018 £	As at 1 October 2017 £
Ordinary share capital			
Allotted, called up and fully paid			
15,338 of £1 each	15,338	15,338	15,338

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.

20. Dividend

On 8 July 2019 a dividend of £12,100,000 was paid to SIMEC GHH Ltd, the immediate owner of SIMEC GHR Ltd

21. Financial instruments

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

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the company.

At the balance sheet date, the total receivables balance is £329,426 (at 30 September 2018: £751,322). There are no significant concentrations of credit risk.

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

Cash and cash equivalents

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

(b) Liquidity risk management

The company maintains its liquidity by maintaining sufficient cash and bank balances and monitoring its cash flow requirements.

All financial liabilities in 2019 and 2018 are repayable on demand or due within 1 year from the end of the reporting period and are non-interest bearing.

21. Financial instruments (continued)

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the company's financial liabilities at the end of the reporting period based on the contractual undiscounted repayment obligations.

			Contractual cash flows			
	Notes	Carrying amount £	Total £	One year or less £	Two to five years £	Over five years £
Non-derivative financial liabilities						
At 31 December 2019						
Bank loans	17	-	-	-	-	-
At 30 September 2018						
Bank loans	17	15,000,0000	15,000,000	76,500	14,923,500	-

(c) Market risk

Currency risk

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

Interest rate risk

Interest rate risk arises from the potential change in interest rates that may have an adverse effect on the company in the current reporting year or in future years.

The company's exposure to interest rate risk is limited to the effects of the fluctuation in bank interest rate on cash and cash equivalents.

Equity price risk

The company is not exposed to equity price risks as it does not hold any quoted equity investments.

Capital management policies and objectives

The company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balances.

The capital structure of the company comprises issued capital, accumulated profits and loans.

The company is not subject to externally imposed capital requirements.

Notes to the financial statements
For the period from 1 October 2018 to 31 December 2019

22. Related party transactions

During the year, the company entered into the following significant transactions with related companies.

	Period from 1 October 2018 to 31 December 2019	Year ended 30 September 2018
Transactions with previous group undertakings	**£**	**£**
Sales of services to:		
- Liatrie Burn Hydro Limited	-	21,492
- Bruachaig Hydro Limited	-	38,983
- Chaorach Hydro Limited	-	32,912
- Green Highland Renewables (Loch Arkaig) Limited	-	146,416
- Coiltie Hydro Limited	-	58,203
The following amounts were outstanding at the balance sheet date:		
Amounts due from previous group undertakings		
- Liatrie Burn Hydro Limited	-	-
- Bruachaig Hydro Limited	-	-
- Chaorach Hydro Limited	-	-
- Green Highland Renewables (Loch Arkaig) Limited	-	-
- Coiltie Hydro Limited	-	-

Other transactions

SIMEC GHR Ltd was owned by SIMEC GHR Acquisitions Limited until 24 September 2018 and, on this date, the Company was acquired by Incredo Trading Ltd. From this date, the Company was no longer a member of the group previously headed by SIMEC GHR Acquisitions Topco Limited (the former owner of SIMEC GHR Acquisitions Limited). On 22 July 2019, the Company was acquired by SIMEC GHR Acquisitions Topco Ltd. On 1 November 2019, the Company was acquired by SIMEC Atlantis Energy, a company registered in Singapore.

Where the notes to these financial statements refer to previous group undertakings, it refers to the SIMEC GHR Acquisitions Topco Limited group. Where the notes to these financial statements refer to previous parent undertakings, it refers to the group formed on 24 September 2018, comprising Incredo Trading Ltd and SIMEC GHR Ltd.

23. Ultimate parent undertaking

At 1 October 2017 and to 23 April 2018, the immediate parent company of SIMEC GHR Ltd was Ancala Partners LLP, a limited partnership registered in England and Wales.

From 24 April 2018 to 24 September 2018, the immediate parent company was SIMEC GHR Acquisitions Limited, a company registered in England and Wales, and the ultimate parent company was SIMEC GHR Acquisitions Topco Ltd, a company registered in England and Wales.

23. Ultimate parent undertaking (continued)

From 25 September 2018 to 21 July 2019, the immediate parent company of SIMEC GHR Ltd was Incredo Trading Ltd, a company registered in England and Wales, and the ultimate parent company was Credo Trading Services Limited, a company registered in Hong Kong.

From 22 July 2019 to 31 October 2019, the immediate parent company was SIMEC GHR Acquisitions Limited and the ultimate parent company was SIMEC GHR Acquisitions Topco Ltd.

From 1 November 2019, the company's ultimate parent and controlling party is SIMEC Atlantis Energy Limited, a 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 and smallest group in which the results of the company are consolidated.

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.

24. First-year adoption of IFRS

In preparing the financial statements, the company's opening statement of financial position was prepared as at 1 October 2017, the Company's date of transition to IFRS. The change in basis of preparation has not materially altered the recognition and measurement requirements previously applied and therefore no adjustments were required by the company in restating its FRS 102 financial statements at 1 October 2017 or for the year ended 30 September 2018.

IFRS 1 allows first-time adopters certain exemptions from the retrospective application of certain requirements under IFRS. The company has applied the following exemptions:

Deemed Cost
At the date of transition to IFRS the previous carrying amount of the property, plant and equipment at 1 October 2017 was taken as their deemed cost

Estimates
The estimates at 1 October 2017 and 31 December 2019 are consistent with those made for the same dates in accordance with FRS 102.

25. Post balance sheet events

On 30th January 2020 the spread of the Coronavirus (COVID 19) was declared a public health emergency by the World Health Organisation. The impact of COVID 19 did not materially impact the Company in the year ended 31 December 2019 and in line with IAS 10 has been considered a non-adjusting post balance sheet event. We have considered the impact of COVID-19 on the carrying value of the Company's property, plant and equipment and on the recoverability of receivables and determined no impairment is required.