



**Registered number: 05104786**

## **SIMEC Uskmouth Power Limited**

**Annual report and financial statements**

**For the year ended 31 December 2023**

**SIMEC Uskmouth Power Limited**

**Company Information**

<b>Directors</b>	Graham Matthew Reid Simon Matthew Hirst David Gerard Taaffe
<b>Registered number</b>	05104786
<b>Registered office</b>	Uskmouth Power Station West Nash Road Nash Newport NP18 2BZ
<b>Independent auditor</b>	Kreston Reeves LLP Chartered Accountants & Statutory Auditor 37 St Margaret's Street Canterbury Kent CT1 2TU

**SIMEC Uskmouth Power Limited**

**Contents**

	Page
<b>Strategic report</b>	
<b>Directors' report</b>	1
<b>Directors' responsibilities statement</b>	2
<b>Independent auditor's report</b>	3 - 6
<b>Statement of comprehensive income</b>	7
<b>Statement of financial position</b>	8
<b>Statement of changes in equity</b>	9
<b>Notes to the financial statements</b>	10 - 27

**Directors' report**  
**For the year ended 31 December 2023**

The directors present their report and the financial statements for the year ended 31 December 2023.

**Directors**

The directors who served during the year were:

Graham Matthew Reid  
Simon Matthew Hirst  
David Gerard Taaffe

**Disclosure of information to auditor**

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

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

**Auditor**

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

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

**Graham Matthew Reid**  
Director

Date: 27 September 2024



**Directors' responsibilities statement  
For the year ended 31 December 2023**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

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

**Independent auditor's report to the members of SIMEC Uskmouth Power Limited**

**Opinion**

We have audited the financial statements of SIMEC Uskmouth Power Limited (the 'Company') for the year ended 31 December 2023, which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis for opinion**

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

**Conclusions relating to going concern**

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.

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.

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

**Other information**

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

We have nothing to report in this regard.

**Independent auditor's report to the members of SIMEC Uskmouth Power Limited (continued)**

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

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

- the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is



- consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

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

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

Page 3

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 2, 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.

## **SIMEC Uskmouth Power Limited**

### **Independent auditor's report to the members of SIMEC Uskmouth Power Limited (continued)**

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

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

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

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

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

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

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

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

## **SIMEC Uskmouth Power Limited**

### **Independent auditor's report to the members of SIMEC Uskmouth Power Limited (continued)**

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

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

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

## **Use of our report**

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Mark Attwood FCCA (Senior statutory auditor)

for and on behalf of  
**Kreston Reeves LLP**

Chartered Accountants  
Statutory Auditor

Canterbury

27 September 2024

Statement of comprehensive income  
For the year ended 31 December 2023

	Note	2023 £000	2022 £000
Turnover	4	10,769	-
Administrative expenses		(3,377)	(1,134)
Other operating income	5	174	3,793
Fair value movements	12	26,903	-
<b>Operating profit</b>	6	<b>34,469</b>	2,659
<b>Profit on ordinary activities before interest</b>		<b>34,469</b>	2,659
Interest payable and similar expenses	9	(144)	(142)
<b>Profit before tax</b>		<b>34,325</b>	2,517
Tax on profit	10	-	-
<b>Profit for the financial year</b>		<b>34,325</b>	2,517

There was no other comprehensive income for 2023 (2022:£NIL).

The notes on pages 10 to 27 form part of these financial statements.

**Statement of financial position**  
**As at 31 December 2023**

Page 7

	<b>Note</b>	<b>2023</b> <b>£000</b>	<b>2022</b> <b>£000</b>
<b>Fixed assets</b>			
Property, plant and equipment	11	-	32,942
Investment property	12	<b>49,532</b>	-
		<b>49,532</b>	32,942
<b>Current assets</b>			
Inventories	13	<b>9,239</b>	-
Trade and other receivables	14	<b>295</b>	350
Cash at bank and in hand	15	<b>185</b>	283
		<b>9,719</b>	633
Trade and other payables	16	<b>(22,121)</b>	(30,743)
<b>Net current liabilities</b>		<b>(12,402)</b>	(30,110)
<b>Total assets less current liabilities</b>		<b>37,130</b>	2,832
<b>Non - current liabilities</b>			
Other payables	17	<b>(1,465)</b>	(1,466)
<b>Provisions for liabilities</b>			
Provisions	19	<b>(10,674)</b>	(10,705)
<b>Net assets/(liabilities)</b>		<b>24,991</b>	(9,339)
<b>Capital and reserves</b>			
Called up share capital	20	<b>23,866</b>	23,866
Other reserves	21	<b>6</b>	14
Retained earnings	21	<b>1,119</b>	(33,219)
		<b>24,991</b>	(9,339)

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

**Graham Matthew Reid**

Director

Date: 27 September 2024

The notes on pages 10 to 27 form part of these financial statements.

**Statement of changes in equity**  
**For the year ended 31 December 2023**

	Called up share capital £000	Other reserves £000	Retained earnings £000	Total equity £000
<b>At 1 January 2022</b>	<b>23,866</b>	<b>67</b>	<b>(35,789)</b>	<b>(11,856)</b>
Profit for the year	-	-	2,517	2,517
Transfer to/from retained earnings	-	(53)	53	-
<b>At 1 January 2023</b>	<b>23,866</b>	<b>14</b>	<b>(33,219)</b>	<b>(9,339)</b>
Profit for the year	-	-	34,325	34,325
<b>Contributions by and distributions to owners</b>				
Transfer to/from retained earnings	-	(13)	13	-
Capital contribution from parent company	-	5	-	5
<b>At 31 December 2023</b>	<b>23,866</b>	<b>6</b>	<b>1,119</b>	<b>24,991</b>

The notes on pages 10 to 27 form part of these financial statements.

**Notes to the financial statements**  
**For the year ended 31 December 2023**

**1. General information**

SIMEC Uskmouth Power Limited ("the company") is a private company limited by shares and is incorporated in England with the registration number 05104786. The address of the registered office is Uskmouth Power Station, West Nash Road, Newport, NP18 2BZ. The principal activity of the company is that of leasing land for rental income, provision of services for on-site tenants, sale of land and generation of power from renewable energy sources.

**2. Accounting policies**

**2.1 Basis of preparation of financial statements** Page 9

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

These financial statements are rounded to the nearest thousand pounds, unless stated otherwise.

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

The following principal accounting policies have been applied:

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

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

- the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share-based payment
- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
  - paragraph 79(a)(iv) of IAS 1;
  - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member

This information is included in the consolidated financial statements of SIMEC Atlantis Energy Limited as at 31 December 2023 and these financial statements may be obtained from [www.saerenewables.com](http://www.saerenewables.com).



**Notes to the financial statements**  
**For the year ended 31 December 2023**

**2. Accounting policies (continued)**

**2.3 Going concern**

In adopting the going concern basis for preparing these financial statements, the Board has considered the Company's business activities, together with factors likely to affect its future development, its performance and principal risks and uncertainties.

The Directors are required to state whether it is appropriate to adopt the going concern basis of accounting in preparing the financial statements, and to identify any material uncertainties as to the Company's ability to continue as a going concern over a period of at least 12 months from the date of approval of the financial statements. The period of management's going concern assessment is to 30 September 2025.

The Company is in a net current liability position of £12.41 million as at the financial year end and the Company requires parental financial support from SIMEC Atlantis Energy Limited (the "Parent"). The Parent has provided a letter of support confirming it will provide support for the period of at least 12 months from the date of approval of these financial statements.

The Directors have considered the ability of the Parent to provide financial support, through directly reviewing the going concern assessment and the financial position of the Parent. The Directors have concluded that there is a reasonable expectation that the Parent has sufficient resources to provide ongoing financial support for the foreseeable future, which is the period to 30 September 2025.

As a result, the Directors have concluded that it is appropriate to continue to adopt the going concern basis of accounting in preparing the Company financial statements.

**2.4 Government grants**

Government grants are not recognised until there is reasonable assurance that the Company will comply with the conditions attached to them and 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 or amortisation charge.

Other government grants are recognised as income over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis. Government 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.

**2. Accounting policies (continued)**

**2.5 Foreign currency translation**

**Functional and presentation currency**

The Company's functional and presentational currency is GBP.

### **Transactions and balances**

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

## **2.6 Property, plant and equipment**

Tangible fixed assets under the cost model, other than investment properties, are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

At each reporting date the Company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

## **SIMEC Uskmouth Power Limited**

### **Notes to the financial statements For the year ended 31 December 2023**

#### **2. Accounting policies (continued)**

##### **2.6 Property, plant and equipment (continued)**

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

The estimated useful lives range as follows:

Freehold property	- 10 - 50 years
Plant and machinery	- 15 - 25 years
Fixtures and fittings	- 10 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

##### **2.7 Impairment of fixed assets and goodwill**

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

##### **2.8 Investment property**

Investment property is carried at fair value determined annually in accordance with the disclosure at Note 3. No depreciation is provided. Changes in fair value are recognised in profit or loss.

##### **2.9 Inventories**

Land inventories are held at the lower of cost and net realisable value. Cost is based on the first-in first-out principle and includes the incurred value of land assets transferred from investment property or property, plant and equipment and additional expenditure incurred bringing them to their present location and condition.

Following the decision in 2022 to terminate the development of the Uskmouth Power Station conversion from coal to waste-derived fuel pellets, there has been a change in use to redevelop the site as a sustainable energy park. During the reporting period, the strategy is to maximise financial returns from the site by developing, constructing, and owning and operating battery energy storage systems, each one on a designated parcel of land within the Uskmouth Power Station site. Land inventories relate to land that is being developed or constructed with a view to sale rather than to retain ownership of and earn future rental income from.

On 5 December 2023, an agreement to sell freehold land used by Quinbrook Infrastructure Partners for their 230MW battery energy storage system was announced for a milestone-linked total gross consideration of £9.9 million to be completed in Q1 2024. As a result, the freehold land asset is identified within land inventories and its net realisable value measured at £9.2 million as at the reporting date.



Notes to the financial statements  
For the year ended 31 December 2023

2. Accounting policies (continued)

2.10 Cash and cash equivalents

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

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

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

### **Financial assets**

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

#### **Debt instruments at amortised cost**

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

#### **Impairment of financial assets**

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

#### **At amortised cost**

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

## **2.12 Finance costs**

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

## **SIMEC Uskmouth Power Limited**

### **Notes to the financial statements For the year ended 31 December 2023**

#### **2. Accounting policies (continued)**

##### **2.13 Leases**

###### **The Company as a lessor**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

##### **2.14 Pensions**

###### **Defined contribution pension plan**

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Company in independently administered funds.

##### **2.15 Interest income**

Interest income is recognised in profit or loss using the effective interest method.

##### **2.16 Taxation**

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

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

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

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

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

## **SIMEC Uskmouth Power Limited**

### **Notes to the financial statements For the year ended 31 December 2023**

#### **2. Accounting policies (continued)**

##### **2.17 Revenue**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Battery storage Income comprises the sale of ready-to-build and constructed assets, including land, for the purpose of battery energy storage systems at the Uskmouth site. Revenue is recognised when performance obligations are fulfilled per the contract. Lease income arises from operating leases recognised by the lessor on a straight-line basis from the commencement date over the lease term.

##### **2.18 Operating leases: the Company as lessor**

Rental income from operating leases is credited to profit or loss on a straight-line basis over the lease term.

Amounts paid and payable as an incentive to sign an operating lease are recognised as a reduction to income over the lease term on a straight-line basis, unless another systematic basis is representative of the time pattern over which the lessor's benefit from the leased



asset is diminished.

### **2.19 Share-based payments**

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to profit or loss over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the Company keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period.

Where equity instruments are granted to persons other than employees, profit or loss is charged with fair value of goods and services received.

### **2.20 Provisions for liabilities**

Provisions are recognised when an event has taken place that gives rise to a legal or constructive obligation, a transfer of economic benefits is probable and a reliable estimate can be made.

Provisions are measured as the best estimate of the amount required to settle the obligation, taking into account the related risks and uncertainties.

Increases in provisions are generally charged as an expense to profit or loss.



**Notes to the financial statements**  
**For the year ended 31 December 2023**

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

In the application of the Company's accounting policies, 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 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.

**Key sources of estimation uncertainty**

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

*Recognition and fair value of investment property*

Following a change in use of the assets at the Uskmouth site from power generation to that of developing a sustainable energy park part of the asset value previously held in property, plant and equipment has been reclassified as Investment Property. SUP expects to earn operating lease income from the site, evidenced by operating lease income already earned from Uskmouth Energy Storage Limited in the year. Land that is not forecast to benefit from operating lease income in the term will initially benefit from capital appreciation.

The Company will regularly, and at least annually, review the recognition of land as Investment Property.

New Battery Energy Storage Projects, (BESS), with a capacity in excess of 700MW are being developed on the site following the sale of development rights for a 230MW BESS and the sale of land on which this project is being built. These new projects form the basis of the value in use calculations at Uskmouth.

The key assumptions used to determine the value-in-use at Uskmouth are the up-front development costs, expected capital costs to build each BESS, the financing structure and cost, forecast operating and maintenance costs, revenue per MWh and the discount rate to calculate present values. The model is based on cash flows using a weighted average cost of capital of 10%. Capital costs are based upon 3rd party quotes of the capital cost of developing the project. Operating and maintenance costs are based upon market tested assumptions.

The valuations are adjusted for the Company's future expected equity ownership of each project. Different development risk factors are applied to the net present value of those projects, delivery of which is less certain than that of projects for which any of planning permission, a land lease option or a near term grid connection date are already secured.

Notes to the financial statements  
For the year ended 31 December 2023

3. Judgements in applying accounting policies (continued)

*Provision for decommissioning costs*

The estimate of the costs to decommission the property, plant and equipment of the Uskmouth Power Station at a future date is inherently judgemental. The estimated cost of decommissioning is reviewed periodically. Provision is made for the estimated discounted cost of decommissioning at the balance sheet date. The estimate is based on the forecast remediation or clean-up costs at the projected date of decommissioning, which itself is uncertain, and are discounted for the true value of money.

The SUP power station decommissioning provision is the present value of the best estimate of direct costs that may be incurred to restore the site of the SUP power station to a condition that complies with applicable legislation, which is anticipated to take place in approximately 2043. The provision was recognised on acquisition of SUP in 2018 and conversion of the financial statements to IFRS.

**Critical judgements in applying the Company’s accounting policies**

The directors are of the opinion that any instances of application of judgements are not expected to have a significant effect on the amounts recognised in the financial statements.

4. Turnover

An analysis of turnover by class of business is as follows:

Page 18

	2023 £000	2022 £000
Battery storage income	10,089	-
Lease income	680	-
	<u>10,769</u>	<u>-</u>

All turnover arose within the United Kingdom.

Battery storage income arises from the sale of the development rights to the 230MW BESS at the Uskmouth Sustainable Energy Park to Uskmouth Energy Storage Limited.

Lease income comprises rental income and other fees from development of battery storage opportunities at the Uskmouth site

5. Other operating income

	2023 £000	2022 £000
Other operating income	-	2,479
Government grants receivable	-	52
Reduction in decommissioning provision	174	1,262
	<u>174</u>	<u>3,793</u>

**Notes to the financial statements**  
**For the year ended 31 December 2023**

**6. Operating profit**

The operating profit is stated after charging:

	<b>2023</b>	2022
	<b>£000</b>	£000
Depreciation of property, plant and equipment	<b>1,074</b>	1,081
Revaluation of property, plant and equipment	-	(2,000)
Exchange differences	-	1
Defined contribution pension cost	<b>7</b>	<b>7</b>

Page 19

**7. Auditor's remuneration**

During the year, the Company obtained the following services from the Company's auditor:

	<b>2023</b>	2022
	<b>£000</b>	£000
Fees payable to the Company's auditor for the audit of the Company's financial statements	<b>24</b>	<b>23</b>

**8. Employees**

Staff costs were as follows:

	<b>2023</b>	2022
	<b>£000</b>	£000
Wages and salaries	<b>134</b>	179
Social security costs	<b>16</b>	22
Cost of defined contribution scheme	<b>7</b>	7
	<b>157</b>	<b>208</b>

Included in wages and salaries are share-based payment expenses of £5k (2022 - £NIL) in respect of an equity-settled scheme operated by SIMEC Atlantis Energy Limited, the parent undertaking, for certain employees.

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

The average monthly number of employees, including the directors, during the year was as follows:

	<b>2023</b>	2022
	<b>No.</b>	No.
Employees	<b>2</b>	<b>2</b>

Notes to the financial statements  
For the year ended 31 December 2023

9. Interest payable and similar expenses

	2023 £000	2022 £000
Unwind of discount on decommissioning provision	<u>144</u>	<u>142</u>

10. **Taxation**

	<b>2023</b> <b>£000</b>	2022 £000
Current tax on profits for the year	-	-
<b>Total current tax</b>	<u>-</u>	<u>-</u>

**Factors affecting tax charge for the year**

The tax assessed for the year differs from the amount computed by applying the standard rate of corporation tax in the UK of 23.5% (2022 - 19%). The differences are explained below:

	<b>2023</b> <b>£000</b>	2022 £000
Profit on ordinary activities before tax	<u><b>34,325</b></u>	<u>2,517</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 23.52% (2022 - 19%)	<b>8,073</b>	478
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	<b>94</b>	-
Capital allowances for year in excess of depreciation	<b>252</b>	-
Utilisation of tax losses	-	(478)
Fair value adjustment to investment property	<b>(6,327)</b>	-
Group relief	<b>(2,092)</b>	-
<b>Total tax charge for the year</b>	<u>-</u>	<u>-</u>

In the Spring Budget 2021, the UK Government announced that from 1 April 2023 the corporation tax rate would increase to 25% (rather than remaining at 19%, as previously enacted). This new law was substantively enacted on 24 May 2021. For the financial year ended 31 December 2023, the current weighted averaged tax rate was 23.52%.

**Factors that may affect future tax charges**

At the end of the reporting period, the Company has unutilised tax losses of £108k (2022 - £108k) available to offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams.

**Notes to the financial statements**  
**For the year ended 31 December 2023**

**11. Property, plant and equipment**

	<b>Land and power plant £000</b>	<b>Fixtures and motor vehicles £000</b>	<b>Total £000</b>
At 1 January 2023	<b>32,933</b>	<b>74</b>	<b>33,007</b>
Transfers between classes	<b>(32,933)</b>	<b>(74)</b>	<b>(33,007)</b>
At 31 December 2023	<u>-</u>	<u>-</u>	<u>-</u>
At 1 January 2023	-	<b>65</b>	<b>65</b>
Charge for the year on owned assets	<b>1,067</b>	<b>7</b>	<b>1,074</b>
Transfers between classes	<b>(1,067)</b>	<b>(72)</b>	<b>(1,139)</b>
At 31 December 2023	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net book value</b>			
At 31 December 2023	<u>-</u>	<u>-</u>	<u>-</u>
<b>At 31 December 2022</b>	<u>32,933</u>	<u>9</u>	<u>32,942</u>

Following the signing of an agreement with EL (Uskmouth) Limited for the sale of one designated plot of land at Uskmouth, there has been a transfer of land to Inventories for £9.2 million due to the expectation that the sale will be completed in Q1 2024. At the reporting period date, the remaining property, plant and equipment balance was transferred to Investment Property, reflecting the change of use at the site. This is described in Note 3.



**SIMEC Uskmouth Power Limited**

**Notes to the financial statements  
For the year ended 31 December 2023**

**12. Investment property**

**Freehold  
investment  
property  
£000**

**Valuation**

At 1 January 2023	-
Surplus on revaluation	26,902
Transfers between classes	22,630
<b>At 31 December 2023</b>	<b>49,532</b>

The freehold investment property held by the Company has been valued at the reporting period date by the Directors at fair value. See note 3.

**13. Inventories**

	<b>2023 £000</b>	<b>2022 £000</b>
Land	<u>9,239</u>	<u>-</u>

Land inventory is land that is intended for sale to EL (Uskmouth) Limited held at the gross consideration of £9.9 million less costs to sell, due for completion in Q1 2024.

**14. Trade and other receivables**

	<b>2023 £000</b>	<b>2022 £000</b>
Trade debtors	285	108
Amounts owed by group undertakings	1	1
Other receivables	-	206
Prepayments and accrued income	9	35
	<u>295</u>	<u>350</u>

No provision has been made for expected credit losses on trade receivables.

**15. Cash and cash equivalents**

	<b>2023 £000</b>	<b>2022 £000</b>
Cash at bank and in hand	<u>185</u>	<u>283</u>



**Notes to the financial statements**  
**For the year ended 31 December 2023**

**16. Trade and other payables**

	<b>2023</b>	2022
	<b>£000</b>	£000
Other loans	-	6,000
Trade payables	<b>53</b>	53
Amounts owed to group undertakings	<b>21,573</b>	24,619
Other taxation and social security	<b>101</b>	11
Accruals and deferred income	<b>394</b>	60
	<b><u>22,121</u></b>	<b><u>30,743</u></b>

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

**17. Other payables (non-current)**

	<b>2023</b>	2022
	<b>£000</b>	£000
Deferred income (see note 18)	<b><u>1,465</u></b>	<b><u>1,466</u></b>

**18. Leases**

**Company as a lessor**

The Company leases excess land available at the power station site to SIMEC Power Limited. The lease is agreed on a 999 year basis and includes a lease premium of £1,475k, which is recognised in deferred income.

**Operating leases**

The following table summarises the undiscounted lease payments receivable after the reporting date.

	<b>2023</b>	2022
	<b>£000</b>	£000
Not later than one year	-	-
Between one and two years	-	-
Between two and three years	-	-
Between three and four years	-	-
Between four and five years	-	-
Later than five years	<b>99</b>	99
<b>Total undiscounted lease payments receivable</b>	<b><u>99</u></b>	<b><u>99</u></b>

**19. Provisions****Decommissioning  
provision  
£000**

At 1 January 2023	<b>10,705</b>
Unwind of discount	<b>144</b>
Utilised in year	<b>(175)</b>
<b>At 31 December 2023</b>	<b><u>10,674</u></b>

The decommissioning provision is to make allowance for the cost of restoring the site of the power station to a condition that complies with applicable legislation, which is anticipated to take place in approximately 2043. The provision is based upon an estimate of the timing and current cost of this exercise, adjusted for the effects of inflation and discounted to present value using an appropriate discount rate.

**20. Share capital**

	<b>2023 £000</b>	2022 £000
<b>Allotted, called up and fully paid</b>		
23,865,817 (2022 - 23,865,817) Ordinary shares of £1.00 each	<b><u>23,866</u></b>	<u>23,866</u>

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

**21. Reserves****Other reserves**

During the period, the Company recognised share based payment expenses amounting to £5k (2022 - £NIL) arising from grants of shares options and stock awards by the ultimate holding company to an employee of the Company, resulting in a corresponding recognition of a capital contribution from the immediate holding company.

Transfer between reserves of £13k (2022 - £53k) relate to lapsed share options relating to leavers of the share options scheme.

**Retained earnings**

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

**22. Pension commitments**

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £7k (2022 - £7k). No contributions were payable to the fund at the reporting date.



**Notes to the financial statements**  
**For the year ended 31 December 2023**

**23. Related party transactions**

The Company has taken the exemption available under FRS 101 regarding related party transactions entered into between two or more members of a group, provided that the subsidiaries party to the transaction are wholly owned by a member of the group.

**24. Controlling party**

The immediate and ultimate parent company is SIMEC Atlantis Energy Limited, a company incorporated and registered in Singapore. The largest group of undertakings for which group accounts are drawn up and of which the Company is included is the group headed by SIMEC Atlantis Energy Limited. No other group financial statements include the results of this Company. The registered office of SIMEC Atlantis Energy Limited is Level 4, 21 Merchant Road, #04-01, Singapore 058267. Copies of the financial statements of SIMEC Atlantis Energy Limited are available to the public and may be obtained from [www.saerenewables.com](http://www.saerenewables.com).