

Strategic Report, Report of the Director and  
Financial Statements for the Year Ended 31 December 2014  
for  
Samil Power UK Limited

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for the Year Ended 31 December 2014

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Samil Power UK Limited

Company Information  
for the Year Ended 31 December 2014

<b>DIRECTOR:</b>	P Cui
<b>REGISTERED OFFICE:</b>	6th Floor 25 Farringdon Street London EC4A 4AB
<b>BUSINESS ADDRESS:</b>	Unit 19 Horseshoe Park Pangbourne Reading Berkshire RG8A 7JW
<b>REGISTERED NUMBER:</b>	07888419 (England and Wales)
<b>AUDITORS:</b>	Sole Associates Accountants Ltd Statutory Auditor 3 Park Court Pyrford Road West Byfleet Surrey KT14 6SD

Samil Power UK Limited

Strategic Report

for the Year Ended 31 December 2014

The director presents his strategic report for the year ended 31 December 2014.

**REVIEW OF BUSINESS**

Samil Power UK Limited (SPUK) is the UK subsidiary of Samil Power Co. Ltd., Jiangsu, PRC.

Since forming this subsidiary in 2012, SPUK has grown and remains a strong presence in the UK market, becoming a dominant provider of Solar PV inverters in the UK market. In 2009 Solar PV was supported by the UK Government through a "Feed in Tariff" subsidy. Samil Power's success continues as the market grows, and the company remains the largest importer from the People's Republic of China of grid tied PV inverters. Samil Power has become the biggest competitor to European inverter manufacturers in the UK.

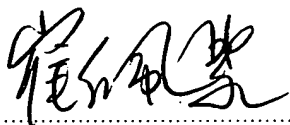
**PRINCIPAL RISKS AND UNCERTAINTIES**

Going into 2015 the risks for the UK market remain as follows:

- Continuing government support through the Feed in Tariff subsidy, and how the market adapts to selling Solar PV with FiT degression rates applied.
- Competitor pricing offers short to medium term risk for sales, but when the market matures and becomes less dependent on subsidy we need to be ready to succeed in a reduced market
- Supply and demand through existing channels requires monitoring to determine this is the best "route to market" strategy as the market changes.

Samil Power remains in a healthy position going into 2015. There are market risks with reduced subsidy, and threats from competitors as to be expected.

**ON BEHALF OF THE BOARD:**



.....  
P Cui - Director

Date: .....

22/02/2016

Report of the Director  
for the Year Ended 31 December 2014

The director presents his report with the financial statements of the company for the year ended 31 December 2014.

**DIVIDENDS**

No dividends will be distributed for the year ended 31 December 2014.

**DIRECTOR**

J Claxton held office from 1 January 2014 until after 31 December 2014 but prior to the date of this report. P Cui was appointed as a director after 31 December 2014 but prior to the date of this report.

**STATEMENT OF DIRECTOR'S RESPONSIBILITIES**

The director is responsible for preparing the Report of the Director and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the director must not approve the financial statements unless he is 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 director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is 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 him to ensure that the financial statements comply with the Companies Act 2006. He is 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.

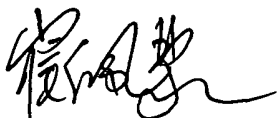
**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the director is aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**AUDITORS**

The auditors, Sole Associates Accountants Ltd, will be proposed for re-appointment at the forthcoming Annual General Meeting.

**ON BEHALF OF THE BOARD:**



.....  
P Cui - Director

Date: 22/02/2016  
.....

Report of the Independent Auditors to the Members of  
Samil Power UK Limited

We have audited the financial statements of Samil Power UK Limited for the year ended 31 December 2014 on pages six to twelve. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors 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.

**Respective responsibilities of director and auditors**

As explained more fully in the Statement of Director's Responsibilities set out on page three, the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

**Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the director; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Strategic Report and the Report of the Director to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**Basis for qualified opinion on financial statements**

We were appointed auditors of Samil Power UK Limited in February 2016, hence, we were not able to observe the counting of the physical inventories at either 1 January 2014 or 31 December 2014 nor satisfy ourselves concerning those inventory quantities by alternative means. Adequate accounting records in respect of stock have not been kept. Since opening and closing inventories affect the determination of the results of operations, we were unable to determine whether adjustments to the results of operations might be necessary for 2014. Our audit opinion on the financial statements for the year ended 31 December 2014 has been modified accordingly.

**Qualified opinion on financial statements**

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements:

- give a true and fair view of the state of the company's affairs at 31 December 2014 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 properly prepared in accordance with the requirements of the Companies Act 2006.

**Emphasis of matter - duty payable to HMRC**

In October 2015 HMRC conducted an investigation and review of the company's records. As a result, the company is now awaiting the result of a Binding Tariff Information Ruling to confirm the applicable rate of duty on its imports. This ruling is expected later in 2016. In addition, import VAT has been underclaimed on the VAT returns submitted on behalf of the company.

The net amount expected to be repayable to the company as a result of the above is £299k and is included in Note 7 to the Financial Statements, after deducting an amount of £161k payable in respect of quarterly VAT returns submitted to HMRC.

Report of the Independent Auditors to the Members of  
Samil Power UK Limited

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

In our opinion the information given in the Strategic Report and the Report of the Director for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

- adequate accounting records have not been kept; or
- we have not received all the information and explanations we require for our audit.



Mr Giuseppe Sole FCCA (Senior Statutory Auditor)  
for and on behalf of Sole Associates Accountants Ltd  
Statutory Auditor  
3 Park Court  
Pyrford Road  
West Byfleet  
Surrey  
KT14 6SD

Date: 29 February 2016

Samil Power UK Limited

Profit and Loss Account  
for the Year Ended 31 December 2014

	Notes	31/12/14 £	31/12/13 £
<b>TURNOVER</b>		11,217,360	8,950,559
Cost of sales		<u>10,115,958</u>	<u>7,980,134</u>
<b>GROSS PROFIT</b>		1,101,402	970,425
Administrative expenses		<u>1,106,325</u>	<u>684,976</u>
<b>OPERATING (LOSS)/PROFIT and (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	3	(4,923)	285,449
Tax on (loss)/profit on ordinary activities	4	<u>4,261</u>	<u>20,717</u>
<b>(LOSS)/PROFIT FOR THE FINANCIAL YEAR</b>		<u>(9,184)</u>	<u>264,732</u>

**CONTINUING OPERATIONS**

None of the company's activities were acquired or discontinued during the current year or previous year.

**TOTAL RECOGNISED GAINS AND LOSSES**

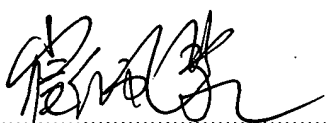
The company has no recognised gains or losses other than the loss for the current year and the profit for the previous year.



Balance Sheet  
31 December 2014

	Notes	31/12/14 £	£	31/12/13 £	£
<b>FIXED ASSETS</b>					
Tangible assets	5		7,005		7,596
<b>CURRENT ASSETS</b>					
Stocks	6	2,908,596		2,381,346	
Debtors	7	1,704,775		1,417,568	
Cash at bank and in hand		<u>227,431</u>		<u>134,955</u>	
		4,840,802		3,933,869	
<b>CREDITORS</b>					
Amounts falling due within one year	8	<u>4,780,693</u>		<u>3,865,167</u>	
<b>NET CURRENT ASSETS</b>			<u>60,109</u>		<u>68,702</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>67,114</u>		<u>76,298</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	9		10,000		10,000
Profit and loss account	10		<u>57,114</u>		<u>66,298</u>
<b>SHAREHOLDERS' FUNDS</b>	11		<u>67,114</u>		<u>76,298</u>

The financial statements were approved by the director on 22/02/2016 and were signed by:

  
.....  
P Cul - Director

Samil Power UK Limited

Cash Flow Statement  
for the Year Ended 31 December 2014

	Notes	31/12/14 £	31/12/13 £
<b>Net cash inflow from operating activities</b>	1	115,169	17,811
<b>Taxation</b>		(20,717)	-
<b>Capital expenditure</b>	2	<u>(1,976)</u>	<u>(3,720)</u>
<b>Increase in cash in the period</b>		<u>92,476</u>	<u>14,091</u>

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**Reconciliation of net cash flow  
to movement in net funds**

	3		
Increase in cash in the period		<u>92,476</u>	<u>14,091</u>
Change in net funds resulting from cash flows		92,476	14,091
Increase in amount owed to group undertakings		<u>844,099</u>	<u>394,099</u>
<b>Movement in net funds in the period</b>		936,575	408,190
<b>Net funds at 1 January</b>		<u>134,955</u>	<u>120,864</u>
<b>Net funds at 31 December</b>		<u>1,071,530</u>	<u>529,054</u>

The notes form part of these financial statements

Notes to the Cash Flow Statement  
for the Year Ended 31 December 2014

1. **RECONCILIATION OF OPERATING (LOSS)/PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

	31/12/14	31/12/13
	£	£
Operating (loss)/profit	(4,923)	285,449
Depreciation charges	2,567	1,917
Increase in loan to group company	(61,560)	(100,000)
Increase in amount due to parent company	905,659	1,307,423
Increase in stocks	(527,250)	(814,466)
Increase in debtors	(225,647)	(704,420)
Increase in creditors	<u>26,323</u>	<u>41,908</u>
<b>Net cash inflow from operating activities</b>	<u><u>115,169</u></u>	<u><u>17,811</u></u>

2. **ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT**

	31/12/14	31/12/13
	£	£
<b>Capital expenditure</b>		
Purchase of tangible fixed assets	<u>(1,976)</u>	<u>(3,720)</u>
<b>Net cash outflow for capital expenditure</b>	<u><u>(1,976)</u></u>	<u><u>(3,720)</u></u>

3. **ANALYSIS OF CHANGES IN NET FUNDS**

	At 1/1/14	Cash flow	At
	£	£	31/12/14
			£
Net cash:			
Cash at bank and in hand	<u>134,955</u>	<u>92,476</u>	<u>227,431</u>
	<u>134,955</u>	<u>92,476</u>	<u>227,431</u>
<b>Total</b>	<u><u>134,955</u></u>	<u><u>92,476</u></u>	<u><u>227,431</u></u>

1. **ACCOUNTING POLICIES**

**Accounting convention**

The financial statements have been prepared under the historical cost convention.

**Turnover**

Turnover represents net invoiced sales of goods, excluding value added tax.

**Tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Plant and machinery - 25% on cost

**Stocks**

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

**Deferred tax**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

**Foreign currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

**Going concern**

The company is reliant on purchases from its ultimate controlling party, Samil Power Co. Ltd. At 31 December 2014, the company owed £4,654,103 to Samil Power Co. Ltd.

In order to assess the going concern issues, Samil Power Co. Ltd. has confirmed that they will continue to trade with the company and provide the necessary financial support for at least thirteen months from the date of these financial statements.

Given the above, the director believes that the company has adequate resources to continue in operational existence and are confident to adopt the going concern basis of accounting in preparing the annual financial statements.

2. **STAFF COSTS**

	31/12/14	31/12/13
	£	£
Wages and salaries	267,205	209,517
Social security costs	<u>28,082</u>	<u>23,876</u>
	<u>295,287</u>	<u>233,393</u>

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

31/12/14	31/12/13
<u>5</u>	<u>6</u>

**3. OPERATING (LOSS)/PROFIT**

The operating loss (2013 - operating profit) is stated after charging:

	31/12/14	31/12/13
	£	£
Depreciation - owned assets	2,567	1,917
Auditors' remuneration	12,000	12,000
Foreign exchange differences	<u>839</u>	<u>-</u>
Director's remuneration	<u>142,763</u>	<u>101,935</u>

**4. TAXATION**

**Analysis of the tax charge**

The tax charge on the loss on ordinary activities for the year was as follows:

	31/12/14	31/12/13
	£	£
Current tax:		
UK corporation tax	<u>4,261</u>	<u>20,717</u>
Tax on (loss)/profit on ordinary activities	<u>4,261</u>	<u>20,717</u>

**5. TANGIBLE FIXED ASSETS**

	Plant and machinery £
<b>COST</b>	
At 1 January 2014	10,101
Additions	<u>1,976</u>
At 31 December 2014	<u>12,077</u>
<b>DEPRECIATION</b>	
At 1 January 2014	2,505
Charge for year	<u>2,567</u>
At 31 December 2014	<u>5,072</u>
<b>NET BOOK VALUE</b>	
At 31 December 2014	<u>7,005</u>
At 31 December 2013	<u>7,596</u>

**6. STOCKS**

	31/12/14	31/12/13
	£	£
Stocks	<u>2,908,596</u>	<u>2,381,346</u>

**Notes to the Financial Statements - continued**  
**for the Year Ended 31 December 2014**

**7. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	31/12/14	31/12/13
	£	£
Trade debtors	1,518,701	1,310,635
Bad debt provision	(122,000)	-
Amounts owed by group undertakings	161,560	100,000
Other debtors	3,000	6,933
VAT	138,009	-
Prepayments and accrued income	5,505	-
	<u>1,704,775</u>	<u>1,417,568</u>

**8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	31/12/14	31/12/13
	£	£
Trade creditors	87,219	23,055
Amounts owed to group undertakings	4,654,103	3,748,444
Tax	4,261	20,717
Social security and other taxes	8,875	7,033
VAT	-	25,546
Other creditors	12,735	40,372
Accruals and deferred income	13,500	-
	<u>4,780,693</u>	<u>3,865,167</u>

**9. CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:		Nominal value:	31/12/14	31/12/13
Number:	Class:		£	£
10,000	Ordinary	£1	<u>10,000</u>	<u>10,000</u>

**10. RESERVES**

	Profit and loss account £
At 1 January 2014	66,298
Deficit for the year	<u>(9,184)</u>
At 31 December 2014	<u>57,114</u>

**11. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	31/12/14	31/12/13
	£	£
(Loss)/profit for the financial year	<u>(9,184)</u>	<u>264,732</u>
<b>Net (reduction)/addition to shareholders' funds</b>	<u>(9,184)</u>	<u>264,732</u>
Opening shareholders' funds	<u>76,298</u>	<u>(188,434)</u>
<b>Closing shareholders' funds</b>	<u>67,114</u>	<u>76,298</u>