

AMP Heat Limited

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

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COMPANIES HOUSE

AMP Heat Limited

COMPANY INFORMATION

Directors Richard Lynn
L D C Corporate Director No. 5 Limited

Company secretary Lauren Paton

Registered number 07722340

Registered office 5 Clifford Street
London
W1S 2LG

Auditors PKF Francis Clark
Vantage Point, Woodwater Park
Pynes Hill, Exeter
EX2 5FD

Bankers Barclays Bank plc
1 Churchill Place
London
E14 5HP

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**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2016**

The directors present their report and the audited financial statements for the year ended 31 December 2016.

Principal activities

The business's principal activity is the development of biomass boiler projects, or "ESCOs", which provide customers with renewable heat over a contractual term.

Results

The loss for the year, after taxation, amounted to £623,059 (2015 – 73,459).

Directors

The directors who served during the year and up to the signing date were:

L.D.C. Corporate Director No. 5 Limited
Charles Leahy (Resigned 13 July 2016)
Richard Lynn (Appointed 13 July 2016)

Going concern

After reviewing the Company's operations, financial position and short and long term cash flow forecasts, the Directors have a reasonable expectation that the Company has adequate resources to continue operating and meet its financial obligations. The parent company has provided letter of support for the loan.

Disclosure of information to auditors

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

- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- that 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 auditors are aware of that information.

Auditors

The auditors, PKF Francis Clark, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

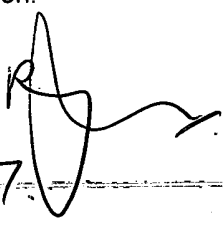
This report was approved by the board and signed on its behalf.

Small company provisions

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

Richard Lynn
Director

Date: 28/4/17



**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2016**

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 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 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless 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 judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF AMP HEAT LIMITED

We have audited the financial statements of AMP Heat Limited for the year ended 31 December 2016, set out on pages 5 to 14. The relevant financial reporting framework that has been applied in their preparation is the Companies Act 2006 and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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.

Respective responsibilities of Directors and Auditors

As explained more fully in the Directors' responsibilities statement on page 1, the directors are 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 Financial Reporting Council'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 directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' report 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.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2016 and of its profit or loss 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.

Opinion on other matter prescribed by the Companies Act 2006

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

- the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with those financial statements; and
- the Directors' report has been prepared in accordance with applicable legal requirements.

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

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF AMP HEAT LIMITED (CONTINUED)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies' exemption from the requirement to prepare a Strategic report or in preparing the Directors' report.

PKF Francis Clark

Stephanie Henshaw (Senior Statutory Auditor)
PKF Francis Clark, Statutory Auditor

Vantage Point, Woodwater Park
Pynes Hill, Exeter
EX2 5FD
Date: 28/4/17

STATEMENT OF INCOME
FOR THE YEAR ENDED 31 DECEMBER 2016

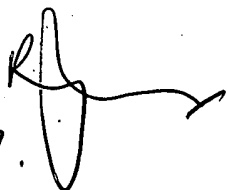
	Note	2016 £	2015 £
Turnover	3	1,252,307	581,824
Cost of sales		(448,271)	(280,160)
Gross profit		<u>804,036</u>	<u>301,664</u>
Administrative expenses		(427,797)	(175,066)
Operating profit	4	<u>376,239</u>	<u>126,598</u>
Interest payable and expenses	5	(999,298)	(200,057)
Loss on ordinary activities before taxation		<u>(623,059)</u>	<u>(73,459)</u>
Tax on loss on ordinary activities			
Loss for the year		<u>(623,059)</u>	<u>(73,459)</u>

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016

	Note	2016 £	2015 £
Fixed assets			
Tangible assets	7	7,955,185	3,857,668
		<u>7,955,185</u>	<u>3,857,668</u>
Current assets			
Stocks	8	16,458	9,228
Debtors: amounts falling due within one year	9	793,856	489,288
Cash at bank and in hand	10	463,681	2,492,638
		<u>1,273,995</u>	<u>2,991,154</u>
Creditors: amounts falling due within one year	11	(520,247)	(116,129)
Net current assets		<u>753,747</u>	<u>2,875,025</u>
Total assets less current liabilities		<u>8,708,933</u>	<u>6,732,693</u>
Creditors: amounts falling due after more than one year	12	(8,958,867)	(6,359,568)
Net (liabilities)/assets		<u>(249,934)</u>	<u>373,125</u>
Capital and reserves			
Called up share capital	14	1	1
Other reserves		508,457	508,457
Profit and loss account		(758,392)	(135,333)
		<u>(249,934)</u>	<u>373,125</u>

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

Richard Lynn
Director
Date: 28/4/17.



The notes on pages 8 to 14 form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Called up share capital	Other reserves	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2016	1	508,457	(135,333)	373,125
Loss for the year	-	-	(623,059)	(623,059)
At 31 December 2016	1	508,457	(758,392)	(249,934)

	Called up share capital	Other reserves	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2015	1	508,457	(61,874)	446,584
Loss for the year	-	-	(73,459)	(73,459)
At 31 December 2015	1	508,457	(135,333)	373,125

Other reserves constitute a capital contribution received.

The notes on pages 8 to 14 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

1. Accounting policies

1.1 Basis of preparation of financial statements

The company is a private company limited by share capital incorporated in England and Wales.

The address of its registered office is:

5 Clifford Street
London
W1S 2LG

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 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006. There are no material departures from FRS 102.

The functional currency of AMP Heat Limited is considered to be pounds sterling because this is the currency of the primary economic environment in which the company operates.

The company has taken advantage of the exemption available under FRS 102 section 1.12(b) from preparing a cash flow statement. Details of the parent company are given in note 17.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 2).

The following principal accounting policies have been applied:

1.2 Going concern

After reviewing the company's operations, financial position and short and long term cash flow forecasts, the Directors have a reasonable expectation that the Company has adequate resources to continue operating for the foreseeable future and meet its financial obligations. For this reason, the financial statements have been prepared as a going concern.

1.3 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. The following criteria must also be met before revenue is recognised:

Sale of heat

Revenue from the sale of heat is recognised when meter readings for the usage of heat is confirmed.

Government subsidy

Revenue from government subsidy is recognised when meter readings for qualifying heat usage is confirmed.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

1. Accounting policies (continued)

1.4 Tangible fixed assets

Tangible fixed assets under the cost model 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.

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.

Depreciation is provided on the following basis:

Plant and machinery	- 5-20 years straight line
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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 the Statement of comprehensive income.

1.5 Stocks and work in progress

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

1.6 Debtors

Short term debtors are measured at transaction price, less any impairment.

1.7 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.

1.8 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

1. Accounting policies (continued)

1.9 Finance costs

Finance costs are charged to the Statement of Income 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.

1.10 Financial instruments

The company has chosen to apply the recognition and measurement requirements of IAS 39 instead of Section 11 and 12 of FRS 102.

Accordingly, loans from group companies are initially recognised at fair value after deduction of relevant costs and subsequently measured at amortised cost using the effective interest method. Other financial liabilities, being short term creditors, are similarly accounted for.

Short term debtors are classified as loans and receivables and are initially recognised at fair value and subsequently at amortised cost.

Financial instruments are presented in accordance with the requirements of FRS 102, therefore loans and receivables are presented as financial assets that are debt instruments measured at amortised cost.

2. Critical accounting estimates and judgements

The Company makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including the expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. 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 discussed below.

Property, plant and equipment

Property, plant and equipment is depreciated over the useful lives of the assets. Useful lives are based on management's estimates of the period that the assets will generate revenue, which are reviewed annually for continued appropriateness. The carrying values are tested for impairment when there is an indication that the value of the assets might be impaired. Impairment tests are based upon future cash flow forecasts and these forecasts are based upon management judgement. Future events could cause the assumptions to change, with a consequent impact on the future results of the Company.

3. Analysis of turnover

	2016 £	2015 £
Sale of heat to customers	622,467	315,382
Government Renewable Heat Incentive income	629,840	266,442
	<u>1,252,307</u>	<u>581,824</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

4. Operating loss

The operating loss is stated after charging:

	2016 £	2015 £
Depreciation of tangible fixed assets	<u>217,858</u>	<u>94,070</u>

During the year, no Director received any emoluments (2015 - £NIL).

5. Interest payable and similar charges

	2016 £	2015 £
Other loan interest payable	-	1,433
Loans from group undertakings	999,298	198,624
	<u>999,298</u>	<u>200,057</u>

6. Taxation

On the basis of financial statements no provision has been made for corporation tax.

Factors affecting tax charge for the year

	2016 £	2015 £
(Loss)/profit on ordinary activities before tax	<u>(623,059)</u>	<u>(73,459)</u>
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 20%)	(124,612)	(14,692)

Effects of:

Expenses not deductible for tax purposes	43,572	18,814
Tax losses carried forward to offset against future profits	81,040	(4,122)

Current tax charge for the year

<u>-</u>	<u>-</u>
----------	----------

Factors that may affect future tax charges

The company has tax losses to carry forward of £0.85m (2015: £0.45m) to offset against future profits. A deferred tax asset has not been recognised to the extent that it is expected to reverse in the foreseeable future.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

7. Tangible fixed assets

	Plant and machinery £
Cost or valuation	
At 1 January 2016	3,973,840
Additions	4,315,376
At 31 December 2016	<u>8,289,216</u>
Depreciation	
At 1 January 2016	116,172
Charge for the period	217,859
At 31 December 2016	<u>334,031</u>
Net book value	
At 31 December 2016	<u>7,955,185</u>
At 31 December 2015	<u>3,857,668</u>

8. Stocks

	2016 £	2015 £
Work in progress (goods to be sold)	16,458	9,228
	<u>16,458</u>	<u>9,228</u>

The cost of stocks recognised as an expense in the year amounted to £448,271 (2015: £280,160).

9. Debtors

	2016 £	2015 £
Due within one year		
Trade debtors	190,512	70,405
Other debtors	50,372	320,324
Prepayments and accrued income	552,972	98,559
	<u>793,856</u>	<u>489,288</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

10. Cash and cash equivalents

	2016 £	2015 £
Cash at bank and in hand	463,681	2,492,638
	<u>463,681</u>	<u>2,492,638</u>

11. Creditors: Amounts falling due within one year

	2016 £	2015 £
Trade creditors	110,499	42,227
Other creditors	12,720	12,735
Accruals and deferred income	397,028	61,167
	<u>520,247</u>	<u>116,129</u>

12. Creditors: Amounts falling due after more than one year

	2016 £	2015 £
Amounts owed to group undertakings	8,958,867	6,359,568
	<u>8,958,867</u>	<u>6,359,568</u>

13. Lease Commitments

	2016 £000	2015 £
Less than one year	30	-
Two to five years	120	-
More than five years	434	-
	<u>584</u>	<u>-</u>

The company has agreed an under-lease and outstanding lease receivables which fall due as follows:

	2016 £000	2015 £
Less than one year	20	-
Two to five years	80	-
More than five years	289	-
	<u>389</u>	<u>-</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

14. Financial instruments

	2016 £	2015 £
Financial assets		
Financial assets that are debt instruments measured at amortised cost	751,737	390,729
	<u>751,737</u>	<u>390,729</u>
Financial liabilities		
Financial liabilities measured at amortised cost	(9,447,620)	(6,414,530)
	<u>(9,447,620)</u>	<u>(6,414,530)</u>

15. Share capital

	2016 £	2015 £
Shares classified as equity		
Allotted, called up and fully paid		
1- Ordinary share of £1	<u>1</u>	<u>1</u>

16. Staff costs

The Company had no direct employees in 2016. No costs of employment were recharged to the Company in 2016.

17. Controlling party

Aggregated Micro Power Infrastructure Limited (AMPIL) holds 100% of the issued share capital. AMPIL's consolidated group accounts, which includes AMP Heat Limited, may be obtained from Companies House.