

Registered number: 07722340

AMP Heat Limited

DIRECTORS' REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019



COMPANY INFORMATION

Directors	Richard Anthony Lynn L D C Corporate Director No. 5 Limited
Company secretary	Lauren Paton
Registered number	07722340
Registered office	3rd Floor 1 Dover Street London United Kingdom W1S 4LD
Auditors	PKF Francis Clark Centenary House Peninsula Park, Rydon Lane Exeter, EX2 7XE
Bankers	National Westminster Bank Plc South West RCSC, 740 Waterside Drive Aztec West, Almondsbury, Bristol BS99 5BD

CONTENTS

	Page
Directors' report	1-2
Independent auditors' report	3-5
Statement of income	6
Statement of financial position	7
Statement of changes in equity	8
Notes to the financial statements	9 - 15

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019**

The directors present their report and the financial statements for the year ended 31 December 2019.

Principal activity

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 £1,619,569 (2018 - loss £1,963,480).

Directors

The directors who served during the year were:

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

Going concern

After reviewing the Company's operations, financial position and short and long term cash flow forecasts, including their current assessment of the potential impact of reductions in operating activity as a consequence of COVID-19 the Directors have a reasonable expectation that the Company has adequate resources to continue operating and meet its financial obligations. A parent company has provided a 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: 30 April 2020

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2019

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 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 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 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.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF AMP HEAT LIMITED

Opinion

We have audited the financial statements of AMP Heat Limited (the "company") for the year ended 31 December 2018 which comprise the statement of income, the statements of financial position, the statements of changes in equity, the statement of cash flows, and notes to the financial statements, 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 102: The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2018 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the company 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.

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 5, the directors are responsible for the preparation of financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

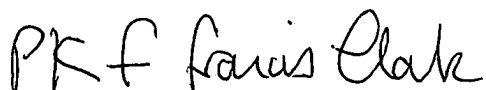
Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

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



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

Centenary House
Peninsula Park
Rydon Lane
Exeter
EX2 7XE

Date: 30 April 2020

STATEMENT OF INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019

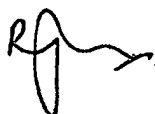
	Note	2019 £	2018 £
Turnover	3	2,639,257	2,007,894
Cost of sales		(1,023,935)	(1,090,176)
Gross Profit		<u>1,615,322</u>	<u>917,718</u>
Administrative expenses		(1,501,370)	(1,343,961)
Operating Profit		<u>113,952</u>	<u>(426,243)</u>
Interest payable and expenses	5	(1,733,521)	(1,537,237)
Loss on ordinary activities before taxation		<u>(1,619,569)</u>	<u>(1,963,480)</u>
Tax on loss on ordinary activities		-	-
Loss for the year		<u><u>(1,619,569)</u></u>	<u><u>(1,963,480)</u></u>

The notes on pages 9 to 15 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	Note	2019 £	2018 £
Fixed Assets			
Tangible assets	7	8,578,645	9,127,655
		<u>8,578,645</u>	<u>9,127,655</u>
Current Assets			
Stocks	8	22,262	18,451
Debtors: amounts falling due within one year	9	3,217,377	1,840,651
Cash at bank and in hand	10	235,995	1,320,214
		<u>3,475,634</u>	<u>3,179,316</u>
Creditors: amounts falling due within one year	11	(15,684,656)	(14,317,779)
Net Current Assets		<u>(12,209,022)</u>	<u>(11,138,463)</u>
Total Assets Less Current Liabilities		<u>(3,630,377)</u>	<u>(2,010,808)</u>
Creditors: amounts falling due after more than one year	12	(1,064,892)	(1,064,892)
Net Liabilities		<u>(4,695,269)</u>	<u>(3,075,700)</u>
Capital and Reserves			
Called up share capital	13	1	1
Other reserves		508,457	508,457
Profit and loss account		(5,203,727)	(3,584,158)
		<u>(4,695,269)</u>	<u>(3,075,700)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 30 April 2020.



Richard Lynn
Director

The notes on pages 9 to 15 form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Called up share capital	Other reserves	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2019	1	508,457	(3,584,158)	(3,075,700)
Loss for the year	-	-	(1,619,569)	(1,619,569)
AT 31 December 2019	1	508,457	(5,203,727)	(4,695,269)
	Called up share capital	Other reserves	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2018	1	508,457	(1,620,678)	(1,112,220)
Loss for the year	-	-	(1,963,480)	(1,963,480)
AT 31 December 2018	1	508,457	(3,584,158)	(3,075,700)

The notes on pages 9 to 15 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019****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. Its registered number is 07722340.

The address of its registered office and principal place of business is:
3rd Floor, 1 Dover Street
London
United Kingdom
W1S 4LD

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.

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.

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.

1.2 Going concern

After reviewing the company's operations, financial position and short and long term cash flow forecasts, including their current assessment of the potential impact of reductions in operating activity as a consequence of COVID-19 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 and electricity

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 2019**

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

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.

At each balance sheet 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 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.

1.7 Finance costs

Finance costs are charged to the Statement of comprehensive 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.

1.8 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

1. Accounting policies (continued)

1.8 Financial instruments (continued)

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.

Plant and machinery

Plant and machinery 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

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

	2019 £	2018 £
Sale of Heat to customer	1,048,426	928,218
Government Renewable Heat Incentive income	1,574,033	1,056,895
Electricity income	16,798	22,781
	<u>2,639,257</u>	<u>2,007,894</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

4. Operating loss

The operating loss is stated after charging:

	2019 £	2018 £
Depreciation of tangible fixed assets	<u>540,237</u>	<u>767,447</u>

During the year, no Director received any emoluments (2018: £NIL).

5. Interest payable and similar expenses

	2019 £	2018 £
Loans from group undertakings	<u>1,733,521</u>	<u>1,537,237</u>
	<u>1,733,521</u>	<u>1,537,237</u>

6. Taxation

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

Factors affecting tax charge for the year

	2019 £	2018 £
Loss on ordinary activities before tax	<u>(1,619,569)</u>	<u>(1,963,480)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 – 19%)	(307,718)	(373,061)

Effects of:

Tax losses carried forward to offset against future profits	304,555	408,729
Tax effect of capital allowances and depreciation	3,163	(35,668)

Current tax charge for the year

Factors that may affect future tax charges

<u>-</u>	<u>-</u>
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The company has tax losses to carry forward of £8.73m (2018: £7.13m) 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 2019**

7. Tangible fixed assets

	Plant and machinery £
Cost or valuation	
At 1 January 2019	10,498,933
Additions	389,659
Disposals	(407,293)
At 31 December 2019	10,481,299
Depreciation	
At 1 January 2019	1,371,278
Charge for the year on owned assets	540,237
Eliminated on disposal	(8,861)
At 31 December 2019	1,902,654
Net book value	
At 31 December 2019	<u>8,578,645</u>
At 31 December 2018	<u>9,127,655</u>

8. Stocks

	2019 £	2018 £
Goods for resale	22,262	18,451
	<u>22,262</u>	<u>18,451</u>

The cost of stock recognised as an expense in the year amount to £1,023,935 (2018: £1,090,176).

9. Debtors

	2019 £	2018 £
Trade debtors	296,084	315,815
Other debtors	74,153	19,318
Amount from group undertakings	1,163,009	165,637
Prepayments and accrued income	1,684,131	1,339,881
	<u>3,217,377</u>	<u>1,840,651</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

10. Cash and cash equivalents

	2019 £	2018 £
Cash at bank and in hand	235,995	1,320,214
	<u>235,995</u>	<u>1,320,214</u>

11. Creditors: Amounts falling due within one year

	2019 £	2018 £
Trade creditors	108,512	132,448
Other creditors	3,504	1,050
Amount owed to group undertaking	15,292,940	13,959,419
Accruals and deferred income	279,700	224,862
	<u>15,684,656</u>	<u>14,317,779</u>

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

	2019 £	2018 £
Amounts owed to group undertakings	1,064,892	1,064,892
	<u>1,064,892</u>	<u>1,064,892</u>

13. Share capital

	2019 £	2018 £
Share classified as equity		
Allotted, called up and fully paid		
1 Ordinary share of £1 each	<u>1</u>	<u>1</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

14. Staff costs

The Company had no direct employees in 2019 (2018: Nil). No costs of employment were recharged to the Company in 2018.

15. Controlling party

The ultimate parent undertaking and controlling party is Aggregated Micro Power Infrastructure 2 plc (AMPI 2 plc) by virtue of its shareholding. AMPI 2 plc's consolidated group accounts, which includes AMP Heat Limited, may be obtained from Companies House.

16. Events after balance sheet date

There were no significant events occurring in the company after the balance sheet date. In accordance with the guidance issued by the Financial Reporting Council, COVID-19 is considered to be a non-adjusting post balance sheet event. It has, therefore, been taken into account in the directors' assessment of going concern.