

Registered number: SC458298

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**DISTRICT ENERGY ABERDEEN
LIMITED**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

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COMPANIES HOUSE

DISTRICT ENERGY ABERDEEN LIMITED



COMPANY INFORMATION

DIRECTORS

Derek Dunn
Janice Lyon
Ramsay Milne

COMPANY SECRETARY

Brodies Secretarial Services Limited

REGISTERED NUMBER

SC458298

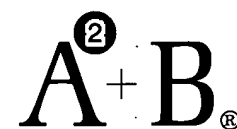
REGISTERED OFFICE

15 Atholl Crescent
Edinburgh
EH3 8HA

INDEPENDENT AUDITORS

Anderson Anderson & Brown Audit LLP
Kingshill View
Prime Four Business Park
Kingswells
Aberdeen
AB15 8PU

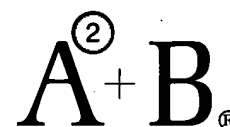
DISTRICT ENERGY ABERDEEN LIMITED



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DISTRICT ENERGY ABERDEEN LIMITED



DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2018

The directors present their report and the financial statements for the year ended 31 March 2018.

Principal activity AND REVIEW OF BUSINESS DEVELOPMENTS

DEAL (the "Company") was set up in July 2013 as a wholly owned subsidiary of Aberdeen Heat and Power Company Ltd (AH&P). Any retained profits from DEAL are remitted back to AH&P. The principal activity of the Company is to retail heat that is generated by AH&P to the non-domestic, non-Council sector. There are currently three non-Council, non-domestic customers assigned to DEAL.

DEAL can bring forward potential heat customers but these have to form part of strategy plans for the heat network that is designed and operated by AH&P, and therefore DEAL has to proceed at a pace that can be sustained. In this way it is assured that DEAL cannot over-promise and under-deliver. The Directors continue to work on a list of potential heat customers outside of the Council sector, who can be further approached once there is sufficient heat capacity within the AH&P network. In 2016 AH&P secured a loan from the District Heating Loan Fund, to install a further generator within the Linx Ice Arena which is now in full operation. This project will facilitate additional capacity availability which can assist DEAL to further promote district heating within the city centre area.

DEAL has identified other potential customers, the connection of which would be possible in conjunction with other projects being considered between AH&P and Aberdeen City Council. These connections would form part of the wider area potential for the district networks within the city. AH&P is also working as sub-partner to Aberdeen City Council as part of an EU funded project termed HeatNet North West Europe (NWE). The HeatNet project is aimed at "drilling down" to potential users across the city centre with the aim of building a much clearer map of consumption and interest level in connection to district heating. DEAL and AH&P could take this information forward to assist with expansion of the city centre networks.

DEAL will continue to work hand in hand with AH&P to ensure that the district network is designed and operated correctly in terms of efficiency and sustainability.

DIRECTORS

The directors who served during the year were:

Derek Dunn
Janice Lyon
Ramsay Milne

DISCLOSURE OF INFORMATION TO AUDITORS

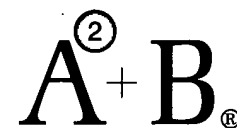
Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

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

AUDITORS

The auditors, Anderson Anderson & Brown Audit LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

DISTRICT ENERGY ABERDEEN LIMITED




DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2018

SMALL COMPANIES NOTE

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

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


.....
Janice Lyon
Director

Date: 9/8/18

**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 MARCH 2018**

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 for the Company's financial statements 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.

DISTRICT ENERGY ABERDEEN LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF DISTRICT ENERGY ABERDEEN LIMITED



OPINION

We have audited the financial statements of District Energy Aberdeen Limited (the 'Company') for the year ended 31 March 2018, which comprise the Statement of Comprehensive Income, the Balance Sheet, 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 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 Company's affairs as at 31 March 2018 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 Auditors' 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

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.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. 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.

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
DISTRICT ENERGY ABERDEEN LIMITED (CONTINUED)**

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.

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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has 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 Directors' Report.

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

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

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the Directors' Responsibilities Statement on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
DISTRICT ENERGY ABERDEEN LIMITED (CONTINUED)**

AUDITORS' 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 Auditors' 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 Auditors' 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 Auditors' 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.

Anderson Anderson & Brown Audit LLP

John Black (Senior Statutory Auditor)

for and on behalf of

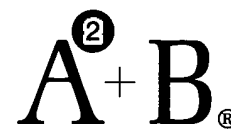
Anderson Anderson & Brown Audit LLP

Statutory Auditor

Kingshill View
Prime Four Business Park
Kingswells
Aberdeen
AB15 8PU

Date: *9 AUGUST 2018*

DISTRICT ENERGY ABERDEEN LIMITED



STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2018

	2018 £	2017 £
Turnover	285,779	275,267
Cost of sales	(271,821)	(261,783)
Gross profit	13,958	13,484
Administrative expenses	(13,348)	(12,899)
Operating profit	610	585
Interest receivable and similar income	37	55
Profit before tax	647	640
Tax on profit	(164)	(128)
Profit for the year	483	512

There was no other comprehensive income for 2018 (2017:£NIL).

The notes on pages 10 to 13 form part of these financial statements.

**BALANCE SHEET
AS AT 31 MARCH 2018**

	Note	2018 £	2018 £	2017 £	2017 £
Current assets					
Debtors: amounts falling due within one year	4	33,430		61,095	
Cash at bank and in hand	5	67,790		19,611	
		<u>101,220</u>		<u>80,706</u>	
Creditors: amounts falling due within one year	6	(97,956)		(77,925)	
Net current assets			<u>3,264</u>		<u>2,781</u>
Total assets less current liabilities			<u>3,264</u>		<u>2,781</u>
Net assets			<u><u>3,264</u></u>		<u><u>2,781</u></u>
Capital and reserves					
Called up share capital	7		1		1
Profit and loss account			<u>3,263</u>		<u>2,780</u>
			<u><u>3,264</u></u>		<u><u>2,781</u></u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

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

.....
Janice Lyon
Director

Date:

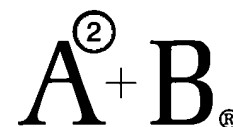
9/8/18

.....
Ramsay Milne
Director

09 August 2018

The notes on pages 10 to 13 form part of these financial statements.

DISTRICT ENERGY ABERDEEN LIMITED



**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2018**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 April 2017	1	2,780	2,781
Comprehensive income for the year			
Profit for the year	-	483	483
Total comprehensive income for the year	-	483	483
At 31 March 2018	1	3,263	3,264

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2017**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 April 2016	1	2,268	2,269
Comprehensive income for the year			
Profit for the year	-	512	512
Total comprehensive income for the year	-	512	512
At 31 March 2017	1	2,780	2,781

The notes on pages 10 to 13 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

1. GENERAL INFORMATION

The Company is a private limited company, which is incorporated and registered in Scotland (no. SC458298). The address of the registered office is 15 Atholl Crescent, Edinburgh, EH3 8HA. The principal activity of the Company is that of supplying retail heat that is generated by AH&P to the non-domestic, non-Council sector.

2. ACCOUNTING POLICIES

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The following principal accounting policies have been applied:

2.2 Going concern

The directors, having made due and careful enquiry and preparing forecasts, are of the opinion that the Company has adequate working capital to execute its operations over the next 12 months. The directors, therefore, have made informed judgement, at a time of approving the financial statements, that there is a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. As a result, the directors have continued to adopt the going concern basis of accounting in preparing the annual financial statements.

2.3 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. Revenue from a contract to provide services is recognised in the period in which the services are provided.

2.4 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.5 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

2. ACCOUNTING POLICIES (CONTINUED)

2.6 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.7 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.

2.8 Interest income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

2. ACCOUNTING POLICIES (CONTINUED)

2.9 Taxation

Tax is recognised in the Statement of Comprehensive Income, 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 balance sheet date in the countries where the Company operates and generates income.

3. EMPLOYEES

The average monthly number of employees, including directors, during the year was 3 (2017 - 3).

4. DEBTORS

	2018 £	2017 £
Trade debtors	33,430	61,095
	<u>33,430</u>	<u>61,095</u>

5. CASH AND CASH EQUIVALENTS

	2018 £	2017 £
Cash at bank and in hand	67,790	19,611
	<u>67,790</u>	<u>19,611</u>

6. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £	2017 £
Amounts owed to group undertakings	71,147	24,860
Corporation tax	164	128
Taxation and social security	23,747	40,687
Accruals and deferred income	2,898	12,250
	<u>97,956</u>	<u>77,925</u>

DISTRICT ENERGY ABERDEEN LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**



7. SHARE CAPITAL

	2018 £	2017 £
Allotted, called up and fully paid		
1 Ordinary Shares share of £1	1	1

8. RELATED PARTY TRANSACTIONS

Control

During the year the Company was controlled by the directors.

9. CONTROLLING PARTY

The immediate and ultimate parent company is Aberdeen Heat and Power Company Limited, a Company registered in Scotland.