

**SHETLAND HEAT ENERGY AND POWER
LIMITED**

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MARCH 2023**

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SHETLAND HEAT ENERGY AND POWER LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 MARCH 2023

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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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.

SHETLAND HEAT ENERGY AND POWER LIMITED**STATEMENT OF FINANCIAL POSITION****AS AT 31 MARCH 2023**

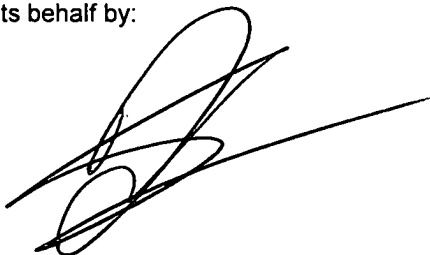
	Notes	2023 £	£	2022 £	£
Fixed assets					
Tangible assets	4	4,793,595		4,725,664	
Current assets					
Stocks	5	36,875		21,980	
Debtors	6	738,137		640,027	
Cash at bank and in hand		1,581,048		910,754	
		2,356,060		1,572,761	
Creditors: amounts falling due within one year	7	(1,376,965)		(746,327)	
Net current assets		979,095		826,434	
Total assets less current liabilities		5,772,690		5,552,098	
Provisions for liabilities	8	(222,622)		(160,818)	
Capital grants		(35,549)		(37,856)	
Net assets		5,514,519		5,353,424	
Capital and reserves					
Called up share capital		1,000,000		1,000,000	
Other reserves		3,077,431		3,210,407	
Profit and loss reserves		1,437,088		1,143,017	
Total equity		5,514,519		5,353,424	

The directors of the company have elected not to include a copy of the income statement within the financial statements.

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements were approved by the board of directors and authorised for issue on 29 June 2023 and are signed on its behalf by:

D Leask
Director



SHETLAND HEAT ENERGY AND POWER LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2023

	Share capital £	Other reserves £	Profit and loss reserves £	Total £
Balance at 1 April 2021	1,000,000	3,343,382	855,039	5,198,421
Year ended 31 March 2022:				
Profit and total comprehensive income for the year	-	-	155,003	155,003
Transfer of depreciation charge	-	(132,975)	132,975	-
Balance at 31 March 2022	1,000,000	3,210,407	1,143,017	5,353,424
Year ended 31 March 2023:				
Profit and total comprehensive income for the year	-	-	186,095	186,095
Gift Aid disbursement	-	-	(25,000)	(25,000)
Transfer of depreciation charge	-	(132,976)	132,976	-
Balance at 31 March 2023	1,000,000	3,077,431	1,437,088	5,514,519

The 'Other Reserve' relates to a capital contribution created on the transfer of assets from Shetland Charitable Trust in 2017. The closing balance equates to the net book value of the assets transferred and is a non-distributable reserve.

SHETLAND HEAT ENERGY AND POWER LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

Company information

Shetland Heat Energy and Power Limited is a private company limited by shares and is registered and incorporated in Scotland. The registered office is Peak Load Boiler Station, Marina Business Park, Gremista, Lerwick, Shetland, ZE1 0TA.

Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

Going concern

The Company's operations are running normally and the directors do not consider any assets to be impaired. There are no material uncertainties which would affect the Company's ability to continue as a going concern. Budgets and cashflows going forward show a satisfactory position. The directors are therefore of the opinion it is appropriate to prepare the financial statements on a going concern basis.

Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold land and buildings	30 years
Plant and equipment	10 years
Fixtures and fittings	10 years
Computers	10 years
Motor vehicles	5 years
Capital works	30 years
District heating infrastructure	30 years
Earth bonding works	30 years

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

SHETLAND HEAT ENERGY AND POWER LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies (Continued)

Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Stocks

Stocks are stated at cost less impairment.

Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally 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.

Basic financial assets

Basic financial assets, which include trade and other debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including trade and other creditors are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Equity instruments

Equity instruments issued by the company are recorded at the fair value of proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

SHETLAND HEAT ENERGY AND POWER LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies (Continued)

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Retirement benefits

For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease.

Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

Deferred government grants in respect of capital expenditure are treated as deferred income and are credited to the profit and loss account over the estimated useful life of the assets to which they relate, being between 10 and 30 years.

Foreign exchange

Transactions in currencies other than the functional currency (foreign currency) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction, or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

SHETLAND HEAT ENERGY AND POWER LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

2 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2023 Number	2022 Number
Total	11	10
	<u> </u>	<u> </u>

3 Directors' remuneration

	2023 £	2022 £
Remuneration paid to directors	108,704	109,603
	<u> </u>	<u> </u>

SHETLAND HEAT ENERGY AND POWER LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

4 Tangible fixed assets

	Leasehold land and buildings	Plant and equipment	Fixtures and fittings	Computers	Motor vehicles	Capital works	District heating infrastructure	Earth bonding works	Total
	£	£	£	£	£	£	£	£	£
Cost									
At 1 April 2022	250,000	1,186,851	39,469	308,161	-	882,570	3,739,266	521,007	6,927,324
Additions	-	31,976	7,676	7,644	16,000	248,830	-	4,915	317,041
Disposals	-	(5,389)	(2,739)	(6,836)	-	-	-	-	(14,964)
At 31 March 2023	250,000	1,213,438	44,406	308,969	16,000	1,131,400	3,739,266	525,922	7,229,401
Depreciation and impairment									
At 1 April 2022	48,808	888,414	30,011	256,553	-	151,383	730,048	96,443	2,201,660
Depreciation charged in the year	8,333	50,478	2,581	7,171	3,200	35,368	124,642	16,830	248,603
Eliminated in respect of disposals	-	(5,389)	(2,233)	(6,835)	-	-	-	-	(14,457)
At 31 March 2023	57,141	933,503	30,359	256,889	3,200	186,751	854,690	113,273	2,435,806
Carrying amount									
At 31 March 2023	192,859	279,935	14,047	52,080	12,800	944,649	2,884,576	412,649	4,793,595
At 31 March 2022	201,192	298,437	9,458	51,608	-	731,187	3,009,218	424,564	4,725,664

SHETLAND HEAT ENERGY AND POWER LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

5 Stocks

	2023 £	2022 £
Stocks	36,875	21,980

6 Debtors

	2023 £	2022 £
Amounts falling due within one year:		
Trade debtors	604,817	604,874
Corporation tax recoverable	-	6,173
Other debtors	98,964	18,501
Prepayments and accrued income	34,356	10,479
	738,137	640,027

7 Creditors: amounts falling due within one year

	2023 £	2022 £
Trade creditors	1,211,746	638,786
Other taxation and social security	13,632	12,208
Accruals and deferred income	151,587	95,333
	1,376,965	746,327

8 Provisions for liabilities

	2023 £	2022 £
Deferred tax liabilities	222,622	160,818

9 Deferred taxation

The major deferred tax liabilities and assets recognised by the company are:

	Liabilities 2023 £	Liabilities 2022 £
Balances:		
Accelerated capital allowances	222,622	160,818

SHETLAND HEAT ENERGY AND POWER LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

10 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2023 £	2022 £
Within one year	18,114	15,990
Between one and five years	65,650	57,942
In over five years	196,951	182,989
	<u>280,715</u>	<u>256,921</u>

11 Parent company

The company is a subsidiary undertaking of Shetland Charitable Trust which is the ultimate controlling party.

The largest group in which the results of the company are consolidated is that headed by Shetland Charitable Trust, registered in Scotland. Copies of its financial statements can be obtained from its registered office at 22-24 North Road, Lerwick, Shetland, ZE1 0NQ.

SHETLAND HEAT ENERGY AND POWER LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

12 Audit report information

As the income statement has been omitted from the filing copy of the financial statements, the following information in relation to the audit report on the statutory financial statements is provided in accordance with s444(5B) of the Companies Act 2006:

The auditor's report was unqualified.

The senior statutory auditor was Irene Hambleton BAcc CA.

The auditor was RSM UK Audit LLP.