

**REPORT OF THE DIRECTORS AND  
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021  
FOR  
LEE VALLEY HEAT NETWORK OPERATING  
COMPANY LIMITED**

**LEE VALLEY HEAT NETWORK OPERATING  
COMPANY LIMITED**

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for the Year Ended 31st March 2021**

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**LEE VALLEY HEAT NETWORK OPERATING  
COMPANY LIMITED**

**COMPANY INFORMATION**  
for the Year Ended 31st March 2021

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**DIRECTORS:**

Mrs C J Clare  
Dr T Groth  
Mr I V Guest  
Mr M J King

**REGISTERED OFFICE:**

Enfield Council  
Civic Centre  
Silver Street  
Enfield  
EN1 3XA

**REGISTERED NUMBER:**

09763702

**AUDITORS:**

Kay Johnson Gee Limited  
Chartered Accountants and Statutory Auditors  
1 City Road East  
Manchester  
M15 4PN

**LEE VALLEY HEAT NETWORK OPERATING  
COMPANY LIMITED**

**REPORT OF THE DIRECTORS  
for the Year Ended 31st March 2021**

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The directors present their report with the financial statements of the company for the year ended 31st March 2021.

**DIRECTORS**

The directors shown below have held office during the whole of the period from 1st April 2020 to the date of this report.

Mrs C J Clare  
Mr I V Guest  
Mr M J King

Other changes in directors holding office are as follows:

Dr T Groth - appointed 30th November 2020

Mr D Taylor ceased to be a director after 31st March 2021 but prior to the date of this report.

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Report of the Directors 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), 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 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.

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

So far as the directors are 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 each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**AUDITORS**

Under section 487(2) of the Companies Act 2006 Kay Johnson Gee Limited, will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

**LEE VALLEY HEAT NETWORK OPERATING  
COMPANY LIMITED**

**REPORT OF THE DIRECTORS  
for the Year Ended 31st March 2021**

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This report has been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

**ON BEHALF OF THE BOARD:**



.....  
Mrs C J Clare - Director

Date: 28 May 2021 .....

# REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF LEE VALLEY HEAT NETWORK OPERATING COMPANY LIMITED

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## Opinion

We have audited the financial statements of Lee Valley Heat Network Operating Company Limited (the 'company') for the year ended 31st March 2021 which comprise the Profit and Loss Account, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement 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 company's affairs as at 31st March 2021 and of its 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.

## 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 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

## Other information

The directors are responsible for the other information. The other information comprises the information in the Report of the Directors, but does not include the financial statements and our Report of the Auditors 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.

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 this gives rise to a material misstatement in the financial statements themselves. 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 Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Directors has been prepared in accordance with applicable legal requirements.

# REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF LEE VALLEY HEAT NETWORK OPERATING COMPANY LIMITED

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## **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 Report of the Directors.

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 prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Directors.

## **Responsibilities of directors**

As explained more fully in the Statement of Directors' Responsibilities set out on page two, 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 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.

# REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF LEE VALLEY HEAT NETWORK OPERATING COMPANY LIMITED

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## **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 a Report of the Auditors 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

## **Identifying and assessing potential risks related to irregularities**

In identifying and assessing risks of material misstatement in respect of irregularities including fraud and non-compliance with laws and regulations we have considered the following:

- The nature of the industry and sector, control environment and business performance including the company's remuneration policies, key drivers for directors remuneration and performance targets;
- Results of the enquiries of management about their own identification and assessment of the risks of irregularities;
- Any matters we have identified having obtained and reviewed the company's documentation of their policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of noncompliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
  - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
  - the matters discussed among the audit engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following areas: revenue recognition, valuation of Intangible Fixed Assets and the impact of Covid19. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that the company operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included UK Companies Act, Health and Safety Laws, Environmental Regulations and Tax Legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

## **Audit response to risks identified**

Our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance and reviewing correspondence with HMRC; and

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF  
LEE VALLEY HEAT NETWORK OPERATING  
COMPANY LIMITED**

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- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

No instances of material non-compliance were identified. However, the likelihood of detecting irregularities, including fraud, is limited by the inherent difficulty in detecting irregularities, the effectiveness of the entity's controls, and the nature, timing and extent of the audit procedures performed. Irregularities that result from fraud might be inherently more difficult to detect than irregularities that result from error. As explained above, there is an unavoidable risk that material misstatements may not be detected, even though the audit has been planned and performed in accordance with ISAs (UK).

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Report of the Auditors.

**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 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.



Michael Garrett (Senior Statutory Auditor)  
for and on behalf of Kay Johnson Gee Limited  
Chartered Accountants and Statutory Auditors  
1 City Road East  
Manchester  
M15 4PN

Date: 28 May 2021.....

**LEE VALLEY HEAT NETWORK OPERATING  
COMPANY LIMITED**

**PROFIT AND LOSS ACCOUNT**  
for the Year Ended 31st March 2021

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	Notes	2021 £	2020 £
<b>TURNOVER</b>		<b>901,809</b>	342,259
Cost of sales		<b>(224,803)</b>	(131,183)
<b>GROSS PROFIT</b>		<b>677,006</b>	211,076
Administrative expenses		<b>(646,185)</b>	(599,640)
<b>OPERATING PROFIT/(LOSS)</b>	5	<b>30,821</b>	(388,564)
Interest receivable and similar income		<b>95,889</b>	711
		<b>126,710</b>	(387,853)
Interest payable and similar expenses		<b>(576,399)</b>	(505,574)
<b>LOSS BEFORE TAXATION</b>		<b>(449,689)</b>	(893,427)
Tax on loss		<b>77,838</b>	323,749
<b>LOSS FOR THE FINANCIAL YEAR</b>		<b>(371,851)</b>	(569,678)

The notes form part of these financial statements

**LEE VALLEY HEAT NETWORK OPERATING  
COMPANY LIMITED (REGISTERED NUMBER: 09763702)**

**BALANCE SHEET**

**31st March 2021**

	Notes	2021 £	2020 £
<b>FIXED ASSETS</b>			
Intangible assets	6	<b>6,888,998</b>	6,042,643
Tangible assets	7	<b>5,067,219</b>	3,285,710
		<u><b>11,956,217</b></u>	<u>9,328,353</u>
<b>CURRENT ASSETS</b>			
Debtors	8	<b>778,203</b>	434,569
Cash at bank		<b>4,315,755</b>	644,291
		<u><b>5,093,958</b></u>	<u>1,078,860</u>
<b>CREDITORS</b>			
Amounts falling due within one year	9	<b>(1,112,022)</b>	(1,227,360)
<b>NET CURRENT ASSETS/(LIABILITIES)</b>		<u><b>3,981,936</b></u>	<u>(148,500)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>15,938,153</b>	9,179,853
<b>CREDITORS</b>			
Amounts falling due after more than one year	10	<b>(12,633,419)</b>	(11,346,640)
<b>PROVISIONS FOR LIABILITIES</b>	11	<b>(940,365)</b>	(96,993)
<b>NET ASSETS/(LIABILITIES)</b>		<u><b>2,364,369</b></u>	<u>(2,263,780)</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	12	<b>5,000,001</b>	1
Retained earnings		<b>(2,635,632)</b>	(2,263,781)
<b>SHAREHOLDERS' FUNDS</b>		<u><b>2,364,369</b></u>	<u>(2,263,780)</u>

The financial statements have been prepared 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 28 May 2021 and were signed on its behalf by:



.....  
Mrs C J Clare - Director

The notes form part of these financial statements

**LEE VALLEY HEAT NETWORK OPERATING  
COMPANY LIMITED**

**STATEMENT OF CHANGES IN EQUITY**  
for the Year Ended 31st March 2021

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	<b>Called up share capital £</b>	<b>Retained earnings £</b>	<b>Total equity £</b>
<b>Balance at 1st April 2019</b>	1	(1,694,103)	(1,694,102)
Deficit for the year	-	(569,678)	(569,678)
	<hr/>	<hr/>	<hr/>
Total comprehensive loss	-	(569,678)	(569,678)
	<hr/>	<hr/>	<hr/>
<b>Balance at 31st March 2020</b>	1	(2,263,781)	(2,263,780)
Deficit for the year	-	(371,851)	(371,851)
	<hr/>	<hr/>	<hr/>
Total comprehensive loss	-	(371,851)	(371,851)
Issue of share capital	5,000,000	-	5,000,000
	<hr/>	<hr/>	<hr/>
<b>Balance at 31st March 2021</b>	<u>5,000,001</u>	<u>(2,635,632)</u>	<u>2,364,369</u>

The notes form part of these financial statements

**LEE VALLEY HEAT NETWORK OPERATING  
COMPANY LIMITED**

**CASH FLOW STATEMENT**  
for the Year Ended 31st March 2021

	Notes	2021 £	2020 £
<b>Cash flows from operating activities</b>			
Cash generated from operations	14	237,125	(811,969)
Interest paid		(576,399)	(505,574)
Tax paid		261,723	371,473
Net cash from operating activities		<u>(77,551)</u>	<u>(946,070)</u>
<b>Cash flows from investing activities</b>			
Purchase of intangible fixed assets		(846,355)	(709,643)
Purchase of tangible fixed assets		(1,839,910)	(1,429,192)
Interest received		95,889	711
Net cash from investing activities		<u>(2,590,376)</u>	<u>(2,138,124)</u>
<b>Cash flows from financing activities</b>			
New loans in year		1,655,000	2,744,000
Loan repayments in year		(315,609)	(95,801)
Share issue		5,000,000	-
Net cash from financing activities		<u>6,339,391</u>	<u>2,648,199</u>
<b>Increase/(decrease) in cash and cash equivalents</b>		<u>3,671,464</u>	<u>(435,995)</u>
<b>Cash and cash equivalents at beginning of year</b>	15	644,291	1,080,286
<b>Cash and cash equivalents at end of year</b>	15	<u><u>4,315,755</u></u>	<u><u>644,291</u></u>

The notes form part of these financial statements

**NOTES TO THE FINANCIAL STATEMENTS**  
for the Year Ended 31st March 2021

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**1. STATUTORY INFORMATION**

Lee Valley Heat Network Operating Company Limited is a private company limited by share capital, incorporated in England and Wales, registration number 09763702.. The address of the registered office and principal place of business is Civic Centre, Silver Street, Enfield, England, EN1 3XA.

**2. ACCOUNTING POLICIES**

**Basis of preparing the financial statements**

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" including the provisions of Section 1A "Small Entities" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

**Related party exemption**

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

**Going concern**

On the basis that long term funding has been approved for the company by its parent undertaking, the directors have deemed it reasonable to prepare these financial statements on a going concern basis. Large scale, low-carbon infrastructure projects require investment prior to a profit being made, a fact recognised by the Stakeholders. The company remains on target and on budget, despite the impact of the current climate within the UK due to Coronavirus.

**Turnover**

Turnover represents amounts recognised by the company in respect of services supplied, exclusive of Value Added Tax and trade discounts. Turnover principally consists of the provision of energy and heat to commercial and residential clients.

**Intangible assets**

Intangible assets are represented by Development expenditure which is capitalised where there is a clearly defined project, related expenditure is separately identifiable and it has been assessed for technical and commercial viability.

Amortisation of the Intangible assets will commence on each project once it has reached full completion, is in use and has started to generate economic benefit to the business.

The carrying amounts of the company's assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable. If any such indication exists, the asset's recoverable amount is estimated and an impairment provision made if appropriate.

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
for the Year Ended 31st March 2021

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**2. ACCOUNTING POLICIES - continued**

**Tangible fixed assets**

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation on tangible fixed assets is charged to the profit and loss so as to write off their value, over their estimated useful lives, using the following methods:

Plant & Machinery	Over 60, 25 and 12 years
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Tangible fixed assets are depreciated from the date they are utilised in generating income.

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

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment loss is recognised as an expense immediately.

**Government grants**

Government grants are recognised on the accrual model and are measured at fair value of the asset receivable. Grants are classified as relating either to other income or to assets. Grants related to other income are recognised in profit or loss over the period in which the related costs are recognised. Grants relating to assets are recognised over the expected useful life of the asset. Where part of a grant relating to an asset is deferred, it is recognised as deferred income.

**Taxation**

Taxation for the year comprises current and deferred tax. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**Deferred tax**

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

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

**Trade and other debtors**

Trade and other debtors are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method, less impairment losses for bad and doubtful debts except where the effect of discounting would be immaterial. In such cases, the trade debtors and other debtors are stated at cost less impairment losses for bad and doubtful debts.

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
for the Year Ended 31st March 2021

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**2. ACCOUNTING POLICIES - continued**

**Trade and other creditors**

Trade and other creditors are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

**Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank and in hand.

**Long-term Maintenance Provision**

Provisions are recognised for providing long term maintenance where the the company may need to replace assets such as boilers or other components. The provision is recognised based on 5% of the fixed and variable turnover for the year on residential contracts.

**Asset Replacement Provision**

The company has acquired plant and machinery at a discounted price. Under the terms of their agreement the company has an obligation to replace these assets at the company's cost. In respect of assets which contain such a replacement provision the estimated cost of the replacement assets is recorded within plant and machinery additions and is then depreciated over the remaining estimated useful life of the replacement asset. A matching provision is recognised at the same time such that the estimated cost of replacing the asset has been fully provided.

**3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

In the application of the Company's accounting policies above, management is required to make judgements, estimates and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period.

**Provisions**

The company accounts for provisions in accordance with FRS 102. Full details are provided in note 11.

**4. EMPLOYEES AND DIRECTORS**

The average number of employees during the year was 7 (2020 - NIL).

Wage costs in the financial statements represent recharges from an umbrella company who operates on behalf of Enfield Council.

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

The operating profit (2020 - operating loss) is stated after charging:

	<b>2021</b>	2020
	<b>£</b>	£
Depreciation - owned assets	<b>58,401</b>	55,109
	<u>58,401</u>	<u>55,109</u>

**LEE VALLEY HEAT NETWORK OPERATING  
COMPANY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
for the Year Ended 31st March 2021

**6. INTANGIBLE FIXED ASSETS**

	<b>Other intangible assets £</b>
<b>COST</b>	
At 1st April 2020	6,042,643
Additions	846,355
	<hr/>
At 31st March 2021	6,888,998
	<hr/>
<b>NET BOOK VALUE</b>	
At 31st March 2021	6,888,998
	<hr/> <hr/>
At 31st March 2020	6,042,643
	<hr/> <hr/>

**7. TANGIBLE FIXED ASSETS**

	<b>Plant and machinery £</b>
<b>COST</b>	
At 1st April 2020	3,362,353
Additions	1,839,910
	<hr/>
At 31st March 2021	5,202,263
	<hr/>
<b>DEPRECIATION</b>	
At 1st April 2020	76,643
Charge for year	58,401
	<hr/>
At 31st March 2021	135,044
	<hr/>
<b>NET BOOK VALUE</b>	
At 31st March 2021	5,067,219
	<hr/> <hr/>
At 31st March 2020	3,285,710
	<hr/> <hr/>

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

	<b>2021 £</b>	<b>2020 £</b>
Trade debtors	151,761	187,232
Amounts owed by participating interests	260,503	163,901
Other debtors	365,939	83,436
	<hr/>	<hr/>
	778,203	434,569
	<hr/> <hr/>	<hr/> <hr/>

**LEE VALLEY HEAT NETWORK OPERATING  
COMPANY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
for the Year Ended 31st March 2021

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

	<b>2021</b>	2020
	<b>£</b>	£
Trade creditors	<b>552,401</b>	152,160
Amounts owed to group undertakings	<b>426,610</b>	176,822
Other creditors	<b>133,011</b>	898,378
	<u><b>1,112,022</b></u>	<u>1,227,360</u>

**10. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	<b>2021</b>	2020
	<b>£</b>	£
Trade creditors	<b>27,969</b>	27,967
Amounts owed to group undertakings	<b>12,605,450</b>	11,318,673
	<u><b>12,633,419</b></u>	<u>11,346,640</u>

**11. PROVISIONS FOR LIABILITIES**

	<b>2021</b>	2020
	<b>£</b>	£
Deferred tax	<b>275,180</b>	91,295
Other provisions	<b>665,185</b>	5,698
	<u><b>940,365</b></u>	<u>96,993</u>
	<b>Deferred tax</b>	<b>Other provisions</b>
	<b>£</b>	<b>£</b>
Balance at 1st April 2020	<b>91,295</b>	<b>5,698</b>
Provided during year	<b>183,885</b>	<b>659,487</b>
	<u><b>275,180</b></u>	<u><b>665,185</b></u>

Provisions include a long term maintenance provision of £18,024 (2020 - £5,698), and a provision for asset replacement of £647,161 (2020 - £nil) which represents the cost of replacing the plant at the Oakwood Heat Network site. This is the first year that this provision has been recognised and is based on a best estimate of the cost to replace the plant. A proportion of the plant and machinery additions within the year have then reflected this cost of replacement.

The recognition of this provision therefore has no effect on the overall net assets as at the end of the accounting period and no impact on the profit and loss account in the period.

**LEE VALLEY HEAT NETWORK OPERATING  
COMPANY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
for the Year Ended 31st March 2021

**12. CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	<b>2021</b> £	2020 £
5,000,001	Ordinary	£1.00	<b>5,000,001</b>	<u>1</u>

5,000,000 Ordinary shares of £1.00 each were allotted and fully paid for cash at par during the year.

**13. ULTIMATE CONTROLLING PARTY**

The ultimate parent entity is Enfield Council which is the next senior parent for which publicly available consolidated financial statements are prepared which include the results of Lee Valley Heat Network Operating Company Limited. Enfield Council is the parent of the smallest and largest group for which consolidated financial statements are prepared, The parent's company's registered office is Civic Centre, Silver Street, Enfield, England, EN1 3XA. The consolidated financial statements can be obtained from Companies House.

The ultimate controlling party are the The Mayor and Burgesses of the London Borough of Enfield by virtue of their controlling interest in the ultimate parent, Enfield Council.

**14. RECONCILIATION OF LOSS BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS**

	<b>2021</b> £	2020 £
Loss before taxation	<b>(449,689)</b>	(893,427)
Depreciation charges	<b>58,401</b>	55,109
Increase in provisions	<b>659,487</b>	5,698
Finance costs	<b>576,399</b>	505,574
Finance income	<b>(95,889)</b>	(711)
	<b>748,709</b>	(327,757)
Increase in trade and other debtors	<b>(343,634)</b>	(227,406)
Decrease in trade and other creditors	<b>(167,950)</b>	(256,806)
<b>Cash generated from operations</b>	<b>237,125</b>	<u>(811,969)</u>

**LEE VALLEY HEAT NETWORK OPERATING  
COMPANY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
for the Year Ended 31st March 2021

15. **CASH AND CASH EQUIVALENTS**

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

**Year ended 31st March 2021**

	<b>31/3/21</b>	<b>1/4/20</b>
	£	£
Cash and cash equivalents	<b>4,315,755</b>	<b>644,291</b>

**Year ended 31st March 2020**

	<b>31/3/20</b>	<b>1/4/19</b>
	£	£
Cash and cash equivalents	<b>644,291</b>	<b>1,080,286</b>

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

	<b>At 1/4/20</b>	<b>Cash flow</b>	<b>At 31/3/21</b>
	£	£	£
<b>Net cash</b>			
Cash at bank and in hand	<b>644,291</b>	<b>3,671,464</b>	<b>4,315,755</b>
	<b>644,291</b>	<b>3,671,464</b>	<b>4,315,755</b>
<b>Total</b>	<b>644,291</b>	<b>3,671,464</b>	<b>4,315,755</b>

**LEE VALLEY HEAT NETWORK OPERATING  
COMPANY LIMITED**

**TRADING AND PROFIT AND LOSS ACCOUNT  
for the Year Ended 31st March 2021**

	2021		2020	
	£	£	£	£
<b>Turnover</b>				
Residential Sales	246,510		113,951	
Commercial Sales	655,299		228,308	
		<b>901,809</b>		342,259
<b>Cost of sales</b>				
Purchases		224,803		131,183
<b>GROSS PROFIT</b>		<b>677,006</b>		211,076
<b>Other income</b>				
Other interest received		95,889		711
		<b>772,895</b>		211,787
<b>Expenditure</b>				
Insurance	48,466		36,751	
Directors' salaries	73,692		69,176	
Wages	157,850		170,647	
Telephone	265		-	
Printing and stationery	1,079		4,137	
Directors' Fees	8,000		12,000	
Advertising	5,653		4,153	
Travelling	18,579		24	
Repairs and renewals	153,705		129,280	
Trade subscriptions	4,277		4,179	
Sundry expenses	60,476		61,184	
Legal fees	38,011		37,000	
Auditors' remuneration	17,500		16,000	
Depreciation of tangible fixed assets				
Plant and machinery	58,401		55,109	
Bad debts	21		-	
		<b>645,975</b>		599,640
		<b>126,920</b>		(387,853)
<b>Finance costs</b>				
Bank charges	210		-	
Loan	576,399		505,574	
		<b>576,609</b>		505,574
<b>NET LOSS</b>		<b>(449,689)</b>		<b>(893,427)</b>

This page does not form part of the statutory financial statements

# Lee Valley Heat Network Operating Company Limited - 2021 accounts

Final Audit Report

2021-06-16

Created:	2021-06-16
By:	Mike Garrett (mikegarrett@kjgllp.com)
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