

Company Registration No. SC269766 (Scotland)

DIESELEC THISTLE GENERATORS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

DIESELEC THISTLE GENERATORS LIMITED

COMPANY INFORMATION

Directors	B Aitken	
	I Buchan	
	G Kerr	(Appointed 24 January 2022)
	P Moore	
	B Muirie	
	J S Pirrie	
	J M Pirrie	
Company number	SC269766	
Registered office	Cadder House 160 Clober Road Milngavie Glasgow United Kingdom G62 7LW	
Auditor	Johnston Carmichael LLP 227 West George Street Glasgow United Kingdom G2 2ND	

DIESELEC THISTLE GENERATORS LIMITED

CONTENTS

	Page
Strategic report	1 - 2
Directors' report	3 - 4
Directors' responsibilities statement	5
Independent auditor's report	6 - 9
Profit and loss account	10
Statement of comprehensive income	11
Balance sheet	12
Statement of changes in equity	13
Notes to the financial statements	14 - 27

DIESELEC THISTLE GENERATORS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 JUNE 2022

The directors present the strategic report for the year ended 30 June 2022.

Fair review of the business

The principal activity of the company is the sale, installation, commissioning and maintenance of emergency standby and gas to power generators.

Our goal is to grow a sustainable business that is focused on meeting the needs of our customers and employees and we continued to make progress on this during the year - supporting our customers to transition to cleaner energy solutions whilst focusing on health and safety and the wellbeing of our people.

We are seeing strong demand for our sustainable energy products as customers seek solutions to the increased cost of energy whilst reducing their carbon footprint. The war in Ukraine further exacerbated volatility in the energy sector and supply chain. This uncertainty in the energy markets has driven further significant demand for our innovative new gas powered generators which provide energy security and use gas as a transitional fuel to reduce exhaust emissions, carbon footprint and cost.

Financially, it has been a challenging year in the aftermath of covid, particularly with significant disruption and uncertainty in our supply chain. The difficult trading conditions in our market resulted in a 11.5% reduction in our turnover from £19.1m to £16.9m. We continued to invest in our business for the long term which resulted in our first operating loss. This was particularly affected by:

- Negligible order intake for long lead-time project sales during both covid lockdowns resulting in our lowest ever order book to deliver and recognise post covid, despite having put in place an overhead base to deliver in excess of £25m of revenue.
- Major supply chain disruptions due to material shortages resulting in excessive lead-times and site programme complications.
- One of our Tier 1 suppliers going into administration post covid with considerable consequences spread across several live projects.
- One of our top 3 customers going into administration (due to the events sector lockdown) exposing us to substantial losses and a long period of damage limitation recovering assets and reselling at reduced prices.

These issues, while significant, were temporary in nature and we look forward with optimism having learned and adapted as a business. We are pleased that we have emerged in a strong position with a record order book, robust supply chain and visibility of healthy profitability in the year to 30 June 2023.

Principal risks and uncertainties

The Board is aware of the need to manage risks associated with winning new contracts and subsequent delivery and payment of these contracts. The Company has a rigorous risk management framework in place that applies to all activities. Other risks are set out below:

Credit Risk - The company has a robust procedure to assess the credit risk applicable to customers, both new and ongoing;

Delivery Risk - works are managed and controlled through the Company's operating framework with due regard to all Health and Safety requirements;

Supply chain risk - there is a risk of disruption to supply of imports of products and materials, cost inflation and delivery delays. This is controlled through the diversification of suppliers to ensure supply is secured, costs are minimised and alternatives are available; and

Liquidity Risk - this reflects the risk that the company will have insufficient reserves to meet its financial liabilities as they fall due. The Board ensures that adequate funds are available to finance the business.

DIESELEC THISTLE GENERATORS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

Key performance indicators

The Company's key performance indicators are turnover, profit for the year, cashflow and health and safety performance.

		2022	2021
Turnover	£'million	17.0	19.1
(Loss) / profit for the year	£'million	(0.1)	1.2
Net cash inflow / (outflow)	£'million	0.2	0.1
Lost time accidents	No.	1	0

Future Developments

On 31 March 2022, our parent company Dieselec Holdings Limited acquired Power Electrics Generators (Holdings) Limited, a group that generated turnover of £13.6m and profit before tax of £0.9m in the year to 31 March 2022. As part of the Group we are working closely with our new colleagues to support our customers across the UK.

It is an exciting time for our business as we introduce new products to support our customers on their transition to net zero. We will continue to deliver back up and prime power generators and associated support services whilst reducing the carbon footprint of our customers. As a result, we expect to see a significant increase in sales of our gas generators as well as helping our customers to switch away from diesel to Hydrotreated Vegetable Oil (HVO). This past year has seen continued investment in our people, systems and processes. The company will continue this in the coming year to ensure the business is equipped for the anticipated growth across the United Kingdom. The directors are confident that the company will continue to make progress against its strategic objectives.

On behalf of the board

P Moore
Director

24 March 2023

DIESELEC THISTLE GENERATORS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2022

The directors present their annual report and financial statements for the year ended 30 June 2022.

Results and dividends

The results for the year are set out on page 10.

Ordinary dividends were paid amounting to £300,000. The directors do not recommend payment of a final dividend.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

B Aitken

I Buchan

G Kerr

(Appointed 24 January 2022)

P Moore

P Myers

(Resigned 24 January 2022)

B Muirie

J Oates

(Appointed 24 January 2022 and resigned 5 September 2022)

J S Pirrie

J M Pirrie

Post reporting date events

On 14 February 2023 Dieselec Thistle Generators Limited purchased the trade and assets of the service business division from ADE Power Limited (company number 03418827) for a nominal consideration.

Auditor

Johnston Carmichael LLP were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

Strategic report

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of Business Review and Future Outlook.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

DIESELEC THISTLE GENERATORS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

Going concern

In assessing the prospects of the business for the purposes of going concern, the Directors have considered cashflow forecasts prepared by management for the 12 month period to 31 March 2024. These forecasts include a base case, based on current order book and pipeline, as well as inflationary increases in costs, and a sensitivity, which reflects a severe but plausible downside scenario.

The analysis undertaken by management allows the directors to conclude that the company is cash generative and supports the entity's ability to continue as a going concern. As a result the directors conclude that it is appropriate for the financial statements to be prepared on a going concern basis.

On behalf of the board

P Moore
Director

24 March 2023

DIESELEC THISTLE GENERATORS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 30 JUNE 2022

The directors are responsible for preparing the strategic report, 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 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.

DIESELEC THISTLE GENERATORS LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF DIESELEC THISTLE GENERATORS LIMITED

Opinion

We have audited the financial statements of Dieselec Thistle Generators Limited (the 'company') for the year ended 30 June 2022 which comprise the profit and loss account, the statement of comprehensive income, the balance sheet, the statement of changes in equity and notes to the financial statements, including 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 30 June 2022 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 Auditor 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 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 contained within the annual report. 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. 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 course of 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 our 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 the directors' report have been prepared in accordance with applicable legal requirements.

DIESELEC THISTLE GENERATORS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF DIESELEC THISTLE GENERATORS LIMITED

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and 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 remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

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 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.

Auditor 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: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Extent to which the audit is considered capable of detecting irregularities, including fraud

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.

DIESELEC THISTLE GENERATORS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF DIESELEC THISTLE GENERATORS LIMITED

Extent the audit was considered capable of detecting irregularities, including fraud (continued)

We assessed whether the engagement team collectively had the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations by considering their experience, past performance and support available.

All engagement team members were briefed on relevant identified laws and regulations and potential fraud risks at the planning stage of the audit. Engagement team members were reminded to remain alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

We obtained an understanding of the legal and regulatory frameworks that are applicable to company and the sector in which it operates, focusing on those provisions that had a direct effect on the determination of material amounts and disclosures in the financial statements. The most relevant frameworks we identified include:

- Companies Act 2006;
- VAT and Corporation Tax; and
- UK Generally Accepted Accounting Practice.

We gained an understanding of how the company is complying with these laws and regulations by making enquiries of management and those charged with governance. We corroborated these enquiries through our review of relevant correspondence with regulatory bodies and board meeting minutes.

We assessed the susceptibility of the financial statements to material misstatement, including how fraud might occur, by meeting with management and those charged with governance to understand where it was considered there was susceptibility to fraud. This evaluation also considered how management and those charged with governance were remunerated and whether this provided an incentive for fraudulent activity. We considered the overall control environment and how management and those charged with governance oversee the implementation and operation of controls. We identified a heightened fraud risk in relation to:

- Management override of controls
- Revenue recognition

In addition to the above, the following procedures were performed to provide reasonable assurance that the financial statements were free of material fraud or error:

- Reviewing minutes of meetings of those charged with governance for reference to: breaches of laws and regulation or for any indication of any potential litigation and claims; and events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud;
- Reviewing the level of and reasoning behind the [company's/group's] procurement of legal and professional services
- Performing audit work procedures over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing judgements made by management in their calculation of accounting estimates for potential management bias;
- Completion of appropriate checklists and use of our experience to assess the Company's compliance with the Companies Act 2006; and
- Agreement of the financial statement disclosures to supporting documentation.

Our audit procedures were designed to respond to the risk of material misstatements in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve intentional concealment, forgery, collusion, omission or misrepresentation. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

DIESELEC THISTLE GENERATORS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF DIESELEC THISTLE GENERATORS LIMITED

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.

James Hamilton (Senior Statutory Auditor)
For and on behalf of Johnston Carmichael LLP

24 March 2023

Chartered Accountants
Statutory Auditor

227 West George Street
Glasgow
United Kingdom
G2 2ND

DIESELEC THISTLE GENERATORS LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 JUNE 2022

	Notes	2022 £	2021 £
Turnover	3	16,927,399	19,106,660
Cost of sales		(12,976,439)	(13,927,198)
Gross profit		3,950,960	5,179,462
Administrative expenses		(4,422,071)	(3,805,530)
Other operating income	3	12,538	181,928
Operating (loss)/profit	4	(458,573)	1,555,860
Interest receivable and similar income	7	595	3,972
Interest payable and similar expenses	8	(14,469)	(39,273)
(Loss)/profit before taxation		(472,447)	1,520,559
Tax on (loss)/profit	9	355,631	(290,178)
(Loss)/profit for the financial year		(116,816)	1,230,381

The profit and loss account has been prepared on the basis that all operations are continuing operations.

DIESELEC THISTLE GENERATORS LIMITED

STATEMENT OF COMPREHENSIVE INCOME ***FOR THE YEAR ENDED 30 JUNE 2022***

	2022 £	2021 £
(Loss)/profit for the year	(116,816)	1,230,381
Other comprehensive income	-	-
Total comprehensive income for the year	<u>(116,816)</u>	<u>1,230,381</u>

DIESELEC THISTLE GENERATORS LIMITED

BALANCE SHEET

AS AT 30 JUNE 2022

	Notes	2022 £	£	2021 £	£
Fixed assets					
Goodwill	11		9,307		13,962
Tangible assets	12		646,926		567,426
Investments	13		2		2
			<u>656,235</u>		<u>581,390</u>
Current assets					
Stocks	15	1,422,258		2,072,464	
Debtors	16	4,601,825		5,939,077	
Cash at bank and in hand		1,798,259		1,597,557	
		<u>7,822,342</u>		<u>9,609,098</u>	
Creditors: amounts falling due within one year	17	(5,198,429)		(6,406,037)	
Net current assets			<u>2,623,913</u>		<u>3,203,061</u>
Total assets less current liabilities			3,280,148		3,784,451
Creditors: amounts falling due after more than one year	18		(23,590)		(22,033)
Provisions for liabilities					
Deferred tax liability	20	-		89,044	
		<u>-</u>	<u>-</u>	<u>89,044</u>	<u>(89,044)</u>
Net assets			<u>3,256,558</u>		<u>3,673,374</u>
Capital and reserves					
Called up share capital	22		2		2
Profit and loss reserves	22		3,256,556		3,673,372
Total equity			<u>3,256,558</u>		<u>3,673,374</u>

The financial statements were approved by the board of directors and authorised for issue on 24 March 2023 and are signed on its behalf by:

P Moore
Director

Company Registration No. SC269766

DIESELEC THISTLE GENERATORS LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2022

	Notes	Share capital £	Profit and loss reserves £	Total £
Balance at 1 July 2020		2	3,292,991	3,292,993
Year ended 30 June 2021:				
Profit and total comprehensive income for the year		-	1,230,381	1,230,381
Dividends	10	-	(850,000)	(850,000)
Balance at 30 June 2021		2	3,673,372	3,673,374
Year ended 30 June 2022:				
Loss and total comprehensive expense for the year		-	(116,816)	(116,816)
Dividends	10	-	(300,000)	(300,000)
Balance at 30 June 2022		2	3,256,556	3,256,558

DIESELEC THISTLE GENERATORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

1 Accounting policies

Company information

Dieselec Thistle Generators Limited is a private company limited by shares incorporated in Scotland. The registered office is Cadder House, 160 Clober Road, Milngavie, Glasgow, United Kingdom, G62 7LW.

1.1 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.

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.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures.

The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group.

Dieselec Thistle Generators Limited is a wholly owned subsidiary of Dieselec Holdings Limited and the results of Dieselec Thistle Generators Limited are included in the consolidated financial statements of Dieselec Holdings Limited which are available from Cadder House, 160 Clober Road, Milngavie, Glasgow, G62 7LW, United Kingdom.

1.2 Going concern

In assessing the prospects of the business for the purposes of going concern, the Directors have considered cashflow forecasts prepared by management for the 12 month period to 31 March 2024. These forecasts include a base case, based on current order book and pipeline, as well as inflationary increases in costs, and a sensitivity, which reflects a severe but plausible downside scenario.

The analysis undertaken by management allows the directors to conclude that the company is cash generative and supports the entity's ability to continue as a going concern. As a result the directors conclude that it is appropriate for the financial statements to be prepared on a going concern basis.

On 31 March 22 Dieselec Holdings Limited Group, of which Dieselec Thistle Generators Limited is a member, completed the acquisition of Power Electrics Generators (Holdings) Limited and its wholly owned subsidiary, Power Electrics Generators Limited. This acquisition will support the strategy to grow the business in England and Wales and bring key resource as well as an established customer base and reputation. As discussed in the Strategic Review, we have a record order book position and have a number of initiatives underway, all of which support our view that the company will be able to meet its obligations as they fall due.

DIESELEC THISTLE GENERATORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2022

1 Accounting policies

(Continued)

1.3 Turnover

Revenue is attributable to one continuing activity, the sale, installation, commissioning and maintenance of generators.

Revenue is recognised when there is an arrangement, primarily in the form of a contract or purchase order, with the customer, a fixed or determinable sale price is established with the customer, performance requirements are achieved, and it is probable that economic benefits associated with the transaction will flow to the company.

Revenue is recognised as performance requirements are achieved in accordance with the following:

- Revenue from sales of equipment is recognised at the time title to the equipment and significant risks and rewards of ownership passes to the customer. This is generally at the time of shipment of the product to the customer.
- Revenue from product support includes sales of parts and servicing of equipment. For sales of parts, revenue is recognised when the part is shipped to the customer. For servicing of equipment, revenue is recognised as the work is performed; and
- Revenue is recognised on bill and hold arrangements when the buyer takes title, provided:
 - a) it is probable that delivery will be made;
 - b) the item is on hand, identified and ready for delivery to the buyer at the time the sale is recognised;
 - c) the buyer specifically acknowledges the deferred delivery instructions; and
 - d) the usual payments terms apply.

Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty.

1.4 Intangible fixed assets - goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets are amortised on a straight line basis over their estimated useful lives up to a maximum of 10 years. The carrying value of intangible assets is reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, 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 evenly over their useful lives on the following bases:

Improvements to property	6.67% to 33.3% per annum
Plant and machinery	10% to 20% per annum
Office equipment	25% per annum
Motor vehicles	25% per annum

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.

1.6 Fixed asset investments

The investment represents shareholdings in subsidiary undertakings, shown at cost. A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

DIESELEC THISTLE GENERATORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2022

1 Accounting policies

(Continued)

1.7 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible 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). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.8 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs incurred in bringing each product to its present location and condition, as follows:

- Consumables and goods for resale - purchase cost on a first in, first out basis
- Work in progress - cost of direct materials and labour plus attributable overheads based on a normal level of activity.

1.9 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less.

1.10 Financial instruments

Basic financial assets

Basic financial assets, which include 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 transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

DIESELEC THISTLE GENERATORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2022

1 Accounting policies

(Continued)

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 creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, 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. Financial liabilities classified as payable within one year are not amortised.

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

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.11 Equity instruments

Equity instruments issued by the company are recorded at the 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.

1.12 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

DIESELEC THISTLE GENERATORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 30 JUNE 2022**

1 Accounting policies

(Continued)

1.13 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

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

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.14 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.15 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets' fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

1.16 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.

1.17 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

1.18 Other operating income

Payments under the UK Government's Coronavirus Job Retention Scheme are a form of grant. This grant money is receivable as compensation for expenses already incurred and has been recognised based on the accrual model. It is recognised in other operating income in the period in which it becomes receivable and the related expense is incurred.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated 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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

DIESELEC THISTLE GENERATORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2022

2 Judgements and key sources of estimation uncertainty

(Continued)

There are no other judgements or estimation uncertainties that have a significant effect on amounts recognised in the financial statements.

3 Turnover and other income

	2022 £	2021 £
Turnover analysed by geographical market		
UK & Europe	16,605,044	18,659,938
Rest of the World	322,355	446,722
	<u>16,927,399</u>	<u>19,106,660</u>
	<u><u>16,927,399</u></u>	<u><u>19,106,660</u></u>
	2022 £	2021 £
Other significant income		
Grants received - Coronavirus Job Retention Scheme	2,131	179,428
Grants received - Other	3,000	
Insurance	7,407	-
Proceeds from sale of fixed assets	-	2,500
	<u>12,538</u>	<u>181,928</u>
	<u><u>12,538</u></u>	<u><u>181,928</u></u>

4 Operating (loss)/profit

	2022 £	2021 £
Operating (loss)/profit for the year is stated after charging/(crediting):		
Grant income	(5,131)	(179,428)
Fees payable to the company's auditor for the audit of the company's financial statements	19,000	20,000
Depreciation of owned tangible fixed assets	139,179	120,623
Depreciation of tangible fixed assets held under finance leases	25,861	25,861
Profit on disposal of tangible fixed assets	(10,103)	(2,500)
Amortisation of intangible assets	4,655	4,655
Operating lease charges	474,086	357,272
	<u><u>474,086</u></u>	<u><u>357,272</u></u>

DIESELEC THISTLE GENERATORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2022

5 Employees

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

	2022 Number	2021 Number
Directors	5	3
Sales	10	9
Production	63	59
Administration	9	9
Total	87	80

Their aggregate remuneration comprised:

	2022 £	2021 £
Wages and salaries	3,935,232	3,491,601
Social security costs	394,131	347,050
Pension costs	97,475	79,664
	4,426,838	3,918,315

6 Directors' remuneration

	2022 £	2021 £
Remuneration for qualifying services	447,667	279,923
Company pension contributions to defined contribution schemes	18,007	4,816
	465,674	284,739

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 5 (2021 - 2).

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2022 £	2021 £
Remuneration for qualifying services	134,565	112,651
Company pension contributions to defined contribution schemes	8,925	-

DIESELEC THISTLE GENERATORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2022

7 Interest receivable and similar income

	2022 £	2021 £
Interest income		
Interest on bank deposits	595	3,972
	<u> </u>	<u> </u>

8 Interest payable and similar expenses

	2022 £	2021 £
Interest on finance leases and hire purchase contracts	1,982	3,670
Other interest	12,487	35,603
	<u> </u>	<u> </u>
	<u>14,469</u>	<u>39,273</u>

9 Taxation

	2022 £	2021 £
Current tax		
UK corporation tax on profits for the current period	-	273,397
Adjustments in respect of prior periods	(164,895)	(17,118)
	<u> </u>	<u> </u>
Total current tax	<u>(164,895)</u>	<u>256,279</u>
Deferred tax		
Origination and reversal of timing differences	(190,736)	16,485
Changes in tax rates	-	17,414
	<u> </u>	<u> </u>
Total deferred tax	<u>(190,736)</u>	<u>33,899</u>
	<u> </u>	<u> </u>
Total tax (credit)/charge	<u>(355,631)</u>	<u>290,178</u>

DIESELEC THISTLE GENERATORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2022

9 Taxation

(Continued)

The actual (credit)/charge for the year can be reconciled to the expected (credit)/charge for the year based on the profit or loss and the standard rate of tax as follows:

	2022 £	2021 £
(Loss)/profit before taxation	(472,447)	1,520,559
Expected tax (credit)/charge based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	(89,765)	288,906
Tax effect of expenses that are not deductible in determining taxable profit	5,719	5
Unutilised tax losses carried forward	48,327	-
Adjustments in respect of prior years	(90,580)	5,454
Effect of change in corporation tax rate	(57,375)	21,371
Group relief	-	(6,786)
Research and development tax credit	(95,295)	-
Other permanent differences	731	-
Fixed asset differences	(3,078)	3,800
Adjustments in respect of prior periods - R&D	(74,315)	(22,572)
Taxation (credit)/charge for the year	(355,631)	290,178

10 Dividends

	2022 £	2021 £
Interim and final paid - £150,000 per share (2021 - £425,000)	300,000	850,000

11 Intangible fixed assets

	Goodwill £
Cost	
At 1 July 2021 and 30 June 2022	55,238
Amortisation and impairment	
At 1 July 2021	41,276
Amortisation charged for the year	4,655
At 30 June 2022	45,931
Carrying amount	
At 30 June 2022	9,307
At 30 June 2021	13,962

DIESELEC THISTLE GENERATORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2022

11 Intangible fixed assets

(Continued)

Goodwill is being amortised evenly over the directors' estimate of its useful life of 10 years.

The estimated useful life is based on a variety of factors such as the expected use of the acquired business, the contracts and customer lists still generating revenue for the Company. Having considered these factors the directors believe that a useful life of 10 years is appropriate.

12 Tangible fixed assets

	Improvements to property £	Plant and machinery £	Office equipment £	Motor vehicles £	Total £
Cost					
At 1 July 2021	375,184	721,493	309,229	147,984	1,553,890
Additions	12,800	148,775	35,627	47,735	244,937
Disposals	(8,403)	(33,978)	(109,186)	(34,668)	(186,235)
At 30 June 2022	379,581	836,290	235,670	161,051	1,612,592
Depreciation and impairment					
At 1 July 2021	243,831	370,733	245,012	126,888	986,464
Depreciation charged in the year	30,110	81,059	35,087	18,784	165,040
Eliminated in respect of disposals	(8,403)	(33,978)	(108,789)	(34,668)	(185,838)
At 30 June 2022	265,538	417,814	171,310	111,004	965,666
Carrying amount					
At 30 June 2022	114,043	418,476	64,360	50,047	646,926
At 30 June 2021	131,353	350,760	64,217	21,096	567,426

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	2022 £	2021 £
Plant and machinery	72,656	89,181
Motor vehicles	6,502	15,837
	79,158	105,018

13 Fixed asset investments

	Notes	2022 £	2021 £
Investments in subsidiaries	14	2	2

DIESELEC THISTLE GENERATORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2022

14 Subsidiaries

Dieselec Thistle Generators Limited held 100% of the ordinary share capital of Thistle Generators Limited and Dieselec Generators Limited, companies incorporated in the United Kingdom.

Details of the company's subsidiaries at 30 June 2022 are as follows:

Name of undertaking	Address	Nature of business	Class of shares held	% Held Direct
Thistle Generators Limited	1	Dormant	Ordinary	100.00
Dieselec Generators Limited	1	Dormant	Ordinary	100.00

Registered office addresses (all UK unless otherwise indicated):

1 Cadder House, 160 Clober Road, Mingavie, Glasgow, United Kingdom, G62 7LW

15 Stocks

	2022 £	2021 £
Consumables and goods for resale	879,815	1,114,597
Work in progress	542,443	957,867
	<u>1,422,258</u>	<u>2,072,464</u>

16 Debtors

	2022 £	2021 £
Amounts falling due within one year:		
Trade debtors	2,369,691	3,658,527
Corporation tax recoverable	272,288	-
Amounts owed by group undertakings	170,296	-
Other debtors	85,355	183,827
Prepayments and accrued income	1,602,503	2,096,723
	<u>4,500,133</u>	<u>5,939,077</u>
Deferred tax asset (note 20)	101,692	-
	<u>4,601,825</u>	<u>5,939,077</u>

DIESELEC THISTLE GENERATORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2022

17 Creditors: amounts falling due within one year

	Notes	2022 £	2021 £
Obligations under hire purchase	19	20,402	19,147
Trade creditors		3,153,881	4,739,436
Amounts owed to group undertakings		-	20,705
Corporation tax		-	12,013
Other taxation and social security		122,628	119,630
Other creditors		31,066	30,344
Accruals and deferred income		1,870,452	1,464,762
		<u>5,198,429</u>	<u>6,406,037</u>

Hire purchase creditors are secured against the assets to which they relate.

18 Creditors: amounts falling due after more than one year

	Notes	2022 £	2021 £
Obligations under hire purchase	19	23,590	22,033
		<u>23,590</u>	<u>22,033</u>

Hire purchase creditors are secured against the assets to which they relate.

19 Hire purchase obligations

	2022 £	2021 £
Future minimum lease payments due under hire purchase:		
Within one year	20,402	19,147
In two to five years	23,590	22,033
	<u>43,992</u>	<u>41,180</u>

Finance lease payments represent rentals payable by the company for certain items of motor vehicles and plant and machinery. The average lease term is 4 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

DIESELEC THISTLE GENERATORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2022

20 Deferred taxation

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

	Liabilities 2022 £	Liabilities 2021 £	Assets 2022 £	Assets 2021 £
Balances:				
Accelerated capital allowances	-	89,044	(120,488)	-
Tax losses	-	-	220,160	-
Short term timing differences	-	-	2,020	-
	<u>-</u>	<u>89,044</u>	<u>101,692</u>	<u>-</u>
	<u><u>-</u></u>	<u><u>89,044</u></u>	<u><u>101,692</u></u>	<u><u>-</u></u>
Movements in the year:				2022 £
Liability at 1 July 2021				89,044
Credit to profit or loss				(190,736)
				<u>-</u>
Asset at 30 June 2022				<u>(101,692)</u>
				<u><u>-</u></u>

The deferred tax asset set out above is expected to reverse within 12 months and relates to the utilisation of tax losses against future expected profits of the same period.

21 Retirement benefit schemes

	2022 £	2021 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	97,475	79,664
	<u>97,475</u>	<u>79,664</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

22 Share capital and reserves

	2022 Number	2021 Number	2022 £	2021 £
Ordinary share capital Issued and fully paid				
Ordinary shares of £1 each	2	2	2	2
	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>

Profit and loss reserves

The profit and loss reserve represents accumulated profits and losses for the current period and prior periods less dividends paid.

DIESELEC THISTLE GENERATORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2022

23 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:

	2022 £	2021 £
Within one year	171,896	171,896
Between two and five years	429,740	601,636
	<u>601,636</u>	<u>773,532</u>

24 Events after the reporting date

On 14 February 2023 Dieselec Thistle Generators Limited purchased the trade and assets of the service business division from ADE Power Limited (company number 03418827) for a nominal consideration.

25 Related party transactions

As the company is a wholly owned subsidiary of Dieselec Holdings Limited, the Directors have taken advantage of the exemptions permitted under Financial Reporting Standard 102 from disclosing transactions with related parties that are wholly owned by the Dieselec Holdings Limited group.

Key Management personnel

Directors and senior management who have authority and responsibility for planning, directing and controlling the activities of the company are considered to be key management personnel. Total remuneration in respect of these individuals is £522,059 (2021 - £436,722).

26 Ultimate controlling party

The ultimate parent and controlling party is Dieselec Holdings Limited, a company registered in Scotland. Its group financial statements are available from Companies House.

The smallest and largest group in which the results of Dieselec Thistle Generators Limited is included is Dieselec Holdings Limited, a company registered in Scotland.

