

Company number. 5472264 (England and Wales)

INNOVARE SYSTEMS LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016

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INNOVARE SYSTEMS LIMITED

COMPANY INFORMATION

Directors	A S C Osborne A P Steele P Blunt G B Shepherd
Company secretary	S Hammond
Company number	5472264
Registered office	Fonteyn House 47-49 London Road Reigate Surrey United Kingdom RH2 9PY
Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors The Portland Building 25 High Street Crawley West Sussex RH10 1BG

INNOVARE SYSTEMS LIMITED

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INNOVARE SYSTEMS LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2016

The directors present their strategic report and audited financial statements of the company for the financial year ended 31 March 2016.

Principal activities and review of the business

The principal activity of the company is the construction of buildings using structural insulated panel systems.

The company retains its holding in IS Manufacturing Limited with the company owning the whole of the issued ordinary share capital of £1.

The directors are satisfied that the major improvement plan to improve Project Governance controls and site delivery has lead to significantly improved results in profitability and performance. The directors expect the company to trade profitably into 2016/17.

Principal risks and uncertainties

The principal risks and uncertainties are detailed within the directors report.

Results

The profit on ordinary activities before taxation was £0.2m (2015 loss of £1.3m), after provision for taxation the profit was £0.2m (2015 loss of £1.3m).

The turnover in the year increased to £11.5m (2015 : £7.7m)

The results for the year are set out on page 6.

The results for the year and the financial position were considered satisfactory by the directors.

The Key financial indicators for the company are:

	2016	2015
	£000	£000
Turnover	11,572	7,706
Profit in ordinary activites before taxation	150	(1,319)
Total equity	(994)	(1,231)

By order of the board



S Hammond
Company Secretary
13 June 2016

INNOVARE SYSTEMS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2016

The directors present their report and audited financial statements of the company for the financial year ended 31 March 2016.

Future Developments

The group undertakes regular reviews of strategy and there is currently no intention to materially change strategic direction. Accordingly, the future developments of the Geoffrey Osborne Limited group, which include those of the company, are discussed in the group's strategic report which does not form part of this report.

Financial Risk Management

The directors recognise the importance of financial risk management, and as such there are processes and procedures in place to ensure credit and other financial checks are carried out as appropriate across the Geoffrey Osborne Limited group. Accordingly, the financial risks and uncertainties of the Geoffrey Osborne Limited group, which include those of the company, are discussed in the group's strategic report which does not form part of this report.

The principal risks and uncertainties facing the group are the availability of skilled resources to help deliver projects in an effective manner.

Directors

The following directors have held office since 1 April 2015 and up to the date of signing the financial statements:

A S C Osborne	
A P Steele	(Appointed 2 April 2015)
P Blunt	
G B Shepherd	
D G Fison	(Resigned 2 April 2015)
R King	(Resigned 20 April 2015)

Going concern

The directors believe that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of the parent company, Geoffrey Osborne Limited. The directors have received confirmation that Geoffrey Osborne Limited intends to provide the necessary financial support to the company for at least one year after these financial statements are signed.

Independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office. The elective resolution to dispense with the obligation to reappoint auditors annually continues in force.

INNOVARE SYSTEMS LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' Report and the company financial statements (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 prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102).

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;
- state whether applicable United Kingdom Accounting Standards, including FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 102 used in the preparation of financial statements; and
- 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.

Disclosure of information to auditors

Each director, as at the date of this report, has confirmed that insofar as they are aware there is no relevant audit information (that is, information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware and they have each taken all the reasonable steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

By order of the board



S Hammond
Company Secretary

13 June 2016

INNOVARE SYSTEMS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INNOVARE SYSTEMS LIMITED

Report on the financial statements

Our opinion

In our opinion, Innovare Systems Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 March 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

The financial statements, included within the Directors' report and financial statements (the "Annual Report"), comprise:

- the statement of financial position as at 31 March 2016;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, 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.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

INNOVARE SYSTEMS LIMITED

INDEPENDENT AUDITORS' REPORT (CONTINUED) TO THE MEMBERS OF INNOVARE SYSTEMS LIMITED

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of directors' responsibilities set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Peter Latham (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Gatwick
13 June 2016

INNOVARE SYSTEMS LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2016

	Note	2016 £000	2015 £000
Turnover	3	11,572	7,706
Cost of sales		(8,448)	(6,844)
Gross profit		3,124	862
Administrative expenses		(2,974)	(2,181)
Profit/(loss) on ordinary activities before taxation	4	150	(1,319)
Tax on profit/(loss) on ordinary activities	5	87	(23)
Profit/(loss) for the financial year		237	(1,342)
Other comprehensive income		-	-
Total comprehensive income		237	(1,342)

The statement of comprehensive income has been prepared on the basis that all amounts relate to continuing operations.

There is no material difference between the profit/(loss) on ordinary activities before taxation and the profit/(loss) for the financial year stated above and its historical cost equivalent.

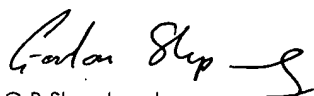
INNOVARE SYSTEMS LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2016

	Note	2016 £000	2015 £000
Fixed assets			
Tangible assets	6	137	238
Investments	7	-	-
		<u>137</u>	<u>238</u>
Current assets			
Stock	8	228	221
Debtors	9	1,995	2,743
Cash at bank and in hand		264	1,645
		<u>2,487</u>	<u>4,609</u>
Creditors: amounts falling due within one year	10	<u>(3,601)</u>	<u>(6,063)</u>
Net current liabilities		<u>(1,114)</u>	<u>(1,454)</u>
Total assets less current liabilities		<u>(977)</u>	<u>(1,216)</u>
Creditors: amounts falling due after more than one year	11	<u>(17)</u>	<u>(15)</u>
Net liabilities		<u>(994)</u>	<u>(1,231)</u>
Capital and reserves			
Called-up share capital	14	500	500
Capital reserve		4,985	4,985
Retained earnings		(6,479)	(6,716)
Total equity		<u>(994)</u>	<u>(1,231)</u>

The notes on pages 9 to 17 are an integral part of these financial statements.

The financial statements on pages 6 to 17 were approved by the board of directors on 13 June 2016 and were signed on its behalf by:



G B Shepherd
Director

Company number. 5472264 (England and Wales)

INNOVARE SYSTEMS LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2016

	Called- up share capital £000	Capital reserve £000	Retained earnings £000	Total £000
Balance at 1 April 2014	500	4,985	(5,374)	111
Loss for the financial year	-	-	(1,342)	(1,342)
Balance at 31 March 2015	500	4,985	(6,716)	(1,231)
Profit for the financial year	-	-	237	237
Balance at 31 March 2016	500	4,985	(6,479)	(994)

INNOVARE SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

1 Statutory Information

Innovare Systems Limited is a company domiciled in England and Wales, registration number 5472264. The principal activity of the company is the construction of buildings using structural insulated panel systems. The registered office is Fonteyn House, 47-49 London Road, Reigate, Surrey, RH2 9PY.

Statement of compliance

These financial statements are prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' ('FRS 102') and the Companies Act 2006. There were no material departures from this standard.

2 Accounting policies

2.1 Accounting convention

These financial statements are prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 and FRS102, there were no material departures from that standard. The principal accounting policies, which have been applied consistently throughout the financial year, are set out below.

These financial statements for the year ended 31 March 2016 are the first financial statements that comply with FRS102. The date of transition is 1 April 2014. The transition to FRS102 has resulted in a small number of changes in accounting policies to those used previously. The nature of these changes and their impact on opening equity and profit for the comparative period are explained in the notes below.

The financial statements are prepared in pounds sterling which is the functional currency of the company and rounded to the nearest £000.

2.2 Going Concern

These financial statements are prepared on the going concern basis as the company receives the financial support of its parent company. The directors have received confirmation that Geoffrey Osborne Limited intends to support the company for at least one year after these financial statements are signed.

2.3 Cash flow

The company is a wholly owned subsidiary company of a group headed by Geoffrey Osborne Limited, and is included in the consolidated financial statements of that company, which are publicly available. Consequently, the company has taken advantage of the exemption within FRS 102 (paragraph 1.12(b)) from preparing a statement of cash flows.

2.4 Consolidation

The company is a wholly-owned subsidiary of Geoffrey Osborne Limited and is included in the consolidated financial statements of Geoffrey Osborne Limited which are publicly available. Consequently, the company has taken advantage of the exemption from preparing consolidated financial statements under the terms of section 400 of the Companies Act 2006

2.5 Turnover

For contracting activities, turnover represents the estimated sales value of work done in the year based on the percentage of contract completion at the year end. For manufacturing activities, turnover represents amounts invoiced at point of delivery on despatch to external customers for goods and services supplied. Turnover is net of value added tax and trade discounts, but includes retentions held by clients.

INNOVARE SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016

2 Accounting policies (continued)

2.6 Tangible assets - depreciation

Property, plant and equipment are stated at historic purchase cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable of bringing the asset to its working condition for intended use. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful economic life, as follows:

Fixtures, fittings and equipment, 15% to 25% straight line.

The residual value of property, plant and equipment were reviewed at the end of the accounting period, there were no material changes to the residual values of assets and therefore no change in depreciation.

2.7 Operating leases

Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the lease term. The benefit of lease incentives are recognised in the income statement over the lease period.

The company has taken advantage of the exemption in FRS102 section 35 to continue to account for operating leases entered into before the date of transition as they were previously.

2.8 Investments

Fixed asset investments are stated at cost less provision for impairment in value.

2.9 Stock

Stock is stated at the lower of cost and estimated selling price less costs to sell. Cost includes all costs incurred to bring stock items to their present location and condition.

2.10 Long term contracts

Long term contract work includes the profit attributable to that part of the work performed at the statement of financial position date. No profit is recognised until the outcome of the contract can be determined with reasonable certainty. Foreseeable losses are recognised in full as they are foreseen.

Amounts recoverable on long term contracts, which are included in receivables, are stated at the net sales value of the work done after provision for future losses, less amounts received and receivable as progress payments on account. Excess progress payments are included in payables as payments on account.

2.11 Deferred taxation

Deferred tax is recognised in respect of all material timing differences that have originated but not reversed at the end of the reporting period, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the end of the reporting period.

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the statement of financial position date. Deferred tax is measured on an undiscounted basis.

2.12 Pensions

The company operates a defined contribution scheme. Contributions are charged to the income statement in the period to which they relate.

3 Turnover

The total turnover of the company for the reporting period has been derived from its principal activity wholly undertaken in the United Kingdom.

INNOVARE SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016

4	Profit/(loss) on ordinary activities before taxation	2016	2015
		£000	£000
	Profit/(loss) on ordinary activities before taxation is stated after charging:		
	Depreciation on owned property, plant and equipment	107	172
	Auditors remuneration for audit services	6	3
		<hr/>	<hr/>
5	Tax on profit / (loss) on ordinary activities	2016	2015
		£000	£000
	Current tax		
	UK corporation tax on profits for the year	-	(1)
	Deferred tax		
	Deferred tax charge current year - relating to capital allowances	(15)	24
	Deferred tax charge current year - relating to unutilised losses	(72)	-
		<hr/>	<hr/>
	Total tax on profit / (loss) on ordinary activities	(87)	23
		<hr/>	<hr/>
	The tax assessed for the financial year is lower (2015 - higher) than the standard rate of corporation tax in the UK of 20% (2015 - 20%)		
		2016	2015
		£000	£000
	Factors affecting the tax charge for the year		
	Profit / (loss) on ordinary activities before taxation	150	(1,319)
		<hr/>	<hr/>
	Profit / (loss) on ordinary activities multiplied by the standard rate of UK corporation tax of 20% (2015 - 20%)	30	(264)
		<hr/>	<hr/>
	Effects of:		
	Expenses not deductible for tax purposes	1	-
	Depreciation in excess of capital allowances	15	(4)
	Losses utilised	(46)	-
	Group relief surrendered	-	268
	Other tax adjustments	-	(1)
	Deferred tax charge current year - relating to capital allowances	(15)	24
	Deferred tax charge current year - relating to unutilised losses	(72)	-
		<hr/>	<hr/>
	Tax (credit) / charge for the year	(87)	23
		<hr/>	<hr/>

INNOVARE SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016

5 Tax on profit / (loss) on ordinary activities (continued)

Deferred tax assets and liabilities are measured at the rate that is expected to apply to the period when the asset is realised or the liability is settled, based on the rates that have been enacted or substantively enacted at the reporting date. Therefore, at 31 March 2016, deferred tax assets and liabilities have been calculated based on the rates that have been substantively enacted by the statement of reporting date.

At the balance sheet date, the Finance Act 2016 had been enacted confirming that the main UK corporation tax rate will reduce to 19% with effect from 1 April 2017 and 18% from 1 April 2020. Therefore, at 31 March 2016, deferred tax assets and liabilities have been calculated based on a rate of 18% where the temporary difference is expected to reverse after 1 April 2020. These reductions may also reduce the Company's future current tax charges accordingly

6 Tangible assets

Fixtures, fittings and equipment

	£000
Cost	
At 1 April 2015	596
Additions	6
	<hr/>
At 31 March 2016	602
	<hr/>
Accumulated depreciation	
At 1 April 2015	358
Charge for the year	107
	<hr/>
At 31 March 2016	465
	<hr/>
Net book value	
At 31 March 2016	137
	<hr/>
At 31 March 2015	238
	<hr/>

7 Investments

Shares in group undertaking	£
Cost and net book value	
At 1 April 2015 and at 31 March 2016	1
	<hr/>

The company owns the whole of the issued share capital in the following subsidiary company, which is registered and operates in England.

Name	Principal activity	Shares held %
IS Manufacturing Limited	Dormant	100

IS Manufacturing Limited ceased trading on 26 March 2013. The directors believe that the carrying value of the investments is supported by their underlying net assets.

8 Stock	2016 £000	2015 £000
Raw materials and consumables	228	221
	<hr/>	<hr/>

INNOVARE SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016

9 Debtors	2016	2015
	£000	£000
Trade debtors	783	1,102
Amounts recoverable on long term contracts	1,058	1,546
Deferred tax	87	-
Taxation and social security	4	11
Corporation tax	-	3
Prepayments and accrued income	63	82
	<u>1,995</u>	<u>2,743</u>

Amounts falling due after more than one year and included in the receivables above are:

	2016	2015
	£000	£000
Trade debtors	<u>107</u>	<u>214</u>

10 Creditors: amounts falling due within one year	2016	2015
	£000	£000
Trade creditors	405	559
Payments received on account	228	221
Amounts owed to group undertakings	2,096	4,770
Other taxation and social security	4	9
Other creditors	1	8
Accruals and deferred income	867	496
	<u>3,601</u>	<u>6,063</u>

Amounts owed to group undertakings are unsecured and repayable on written demand. Interest is charged at base rate plus 1.5%. The directors of Geoffrey Osborne Limited have given written agreement to waive the interest chargeable for financial year to 31 March 2014, 31 March 2015 and 31 March 2016.

INNOVARE SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016

11 Creditors: amounts falling due after more than one year

	2016 £000	2015 £000
Trade creditors	17	15

12 Deferred tax

The deferred tax asset (included in note 9) is made up as follows:	£000
Balance at 1 April 2015	-
Charged to income statement (note 5)	(87)
Balance at 31 March 2016	(87)

	2016 £000	2015 £000
Capital allowances	(15)	-
Losses utilised	(72)	-
Total timing differences	(87)	-

13 Pension costs

	2016 £000	2015 £000
Defined contribution		
The amount recognised as an expense for the defined contribution scheme was:		
Contributions payable by the company	120	104

14 Called-up share capital

	2016 £000	2015 £000
Allotted and fully paid 500,000 (2015: 500,000) ordinary share of £1	500	500

15 Contingent liabilities

In the course of business claims are received. In relevant cases the company takes appropriate advice and makes a provision where a future liability is probable.

In all cases presently outstanding against the company, after having taken appropriate legal advice, the directors believe that material claims are not likely to be substantiated. The company does not currently have any contingent liabilities.

INNOVARE SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016

16	Directors emoluments	2016 £000	2015 £000
	Aggregate emoluments for qualifying services	87	85
	Company contributions to money purchase pension scheme	9	9

The number of directors who received emoluments was 1 (2015 - 1).

The Company's Directors are directors of a number of fellow subsidiary companies and their remuneration was paid by another Group company, which made no recharge to the Company; it is not possible to make an accurate apportionment of their emoluments in respect of each of the subsidiaries. Accordingly, the above details do not include emoluments in respect of all directors. Their total emoluments are disclosed in the financial statements of another Group company.

The directors are considered to be the key management of the company.

17 Employees

Number of employees

The average monthly number of employees (including directors) during the financial year was:

	2016 Number	2015 Number
Management and technical	33	28
Construction and manufacturing	29	28
	62	56

Employment costs

	2016 £000	2015 £000
Wages and salaries	1,548	1,635
Social security costs	156	156
Other pension costs (note 13)	120	104
	1,824	1,895

18 Ultimate parent and controlling party

The immediate parent company and controlling party is Geoffrey Osborne Limited, and the ultimate parent company is GCHO Holdings Limited, both companies are registered in England and Wales.

Geoffrey Osborne Limited is the smallest group of undertakings to consolidate these financial statements at 31 March 2016, GCHO Holding Limited is the largest group of undertakings to consolidate these financial statements at 31 March 2016. The consolidated financial statements can be obtained from Fonteyn House, 47 - 49 London Road, Reigate, Surrey, RH2 9PY.

19 Related party transactions

Exemption has been taken from the requirement to disclose related party transactions within the group as permitted by FRS 102 (Section 33). There were no other related party transactions. Copies of the group financial statements for Geoffrey Osborne Limited which include this company may be obtained from Fonteyn House, 47-49 London Road, Reigate, Surrey, RH2 9PY.

INNOVARE SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016

20 Transition to FRS102

This is the first year that the company has presented its financial statements under FRS 102. The following disclosures are required in the year of transition. The last financial statements under previous UK GAAP were for the year ended 31 March 2015 and the date of transition to FRS 102 was therefore 1 April 2014. Set out below are the changes in accounting policies which reconcile profit for the financial year ended 31 March 2015 and the total equity as at 1 April 2014 and 31 March 2015 between UK GAAP, as previously reported, and FRS 102.

Reconciliation of equity at 1 April 2014

	At 1 April 2014		
	Under previous UK GAAP £000	Effect of transition £000	FRS102 £000
Fixed assets	266	-	266
Current assets	3,648	-	3,648
Creditors: amounts falling due	(3,771)	(9)	(3,780)
Net current liabilities	(123)	(9)	(132)
Total assets less current liabilities	143	(9)	134
Creditors: amounts falling due	(23)	-	(23)
Net assets	120	(9)	111
Capital and reserves	120	(9)	111

Reconciliation of equity at 31 March 2015

	At 31 March 2015			FRS102 £000
	Under previous UK GAAP £000	Effect of transition As at 1 April 2014 £000	Year to 31 March 2015 £000	
Fixed assets	238	-	-	238
Current assets	4,606	-	3	4,609
Creditors: amounts falling due within one year (see note 19)	(6,048)	(9)	(6)	(6,063)
Net current liabilities	(1,442)	(9)	(3)	(1,454)
Total assets less current liabilities	(1,204)	(9)	(3)	(1,216)
Creditors: amounts falling due after more than one year	(15)	-	-	(15)
Net liabilities	(1,219)	(9)	(3)	(1,231)
Capital and reserves	(1,219)	(9)	(3)	(1,231)

INNOVARE SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016

20 Transition to FRS102 (continued) Reconciliation of Profit and Loss

	At 31 March 2015		
	Under previous UK GAAP £000	Effect of transition £000	FRS102 £000
Turnover	7,706	-	7,706
Cost of sales	(8,065)	1,221	(6,844)
Gross Profit	(359)	-	862
Administrative expenses	(956)	(1,225)	(2,181)
Loss on ordinary activities before taxation	(1,315)	(1,225)	(1,319)
Tax on loss on ordinary activities	(24)	1	(23)
Loss for the financial year	(1,339)	(1,224)	(1,342)

Notes to reconciliations

Short-term compensated absences

Prior to the adoption of FRS 102 the company did not make provision for holiday pay earned but not taken before the year end. FRS 102 requires the cost of short-term compensated absences to be recognised when the employees render the service that increases their entitlement.

Consequently an additional accrual of £11,851 at 1 April 2014 has been made to reflect this. The provision at 31 March 2015 had increased to £15,845 and the increase in the provision of £3,994 has been charged to the income statement in the year ended 31 March 2015.

The provision and its increase are fully allowable for taxation in the year charged (2014 £2,370 and 2015 £800).

Change of presentation

During the year ended 31 March 2015 elements of overhead costs were recorded as contract costs and included within cost of sales. The decision was made in the year to March 2016 to change this policy to show all overhead costs within admin expenses as this was considered by the directors to be more appropriate and, 2015 has been restated to reflect current year allocation.