

**COMPANIES
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**SUSTAINABILITY INC LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2016**



SUSTAINABILITY INC LIMITED

COMPANY INFORMATION

Directors

M S Allen
L S Kilcommons
M D Maloney
A P Murray
A P Radford

Company number

06311566

Registered office

2A Zebra Court
White Moss View
Middleton
Manchester
M24 1UN

Auditor

Cowgill Holloway LLP
Regency House
45-53 Chorley New Road
Bolton
Lancashire
BL1 4QR

SUSTAINABILITY INC LIMITED

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SUSTAINABILITY INC LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 APRIL 2016

The directors present the strategic report for the year ended 30 April 2016.

Strategy

The principle business objectives are as follows:

- To be at the forefront of all building refurbishment, commercial fit out and mechanical and electrical services, primarily in the North West, but not exclusively
- To have an excellent reputation within the industry that generates repeat business from at least 50% of our clients.
- To work towards increasing our turnover year on year whilst maintaining our gross profit margin
- Create business development opportunity through frameworks, client direct negotiations and Contracts where risk can be managed and margins can be increased.
- To have a highly qualified and motivated workforce, loyal to the firm with high staff retention.
- To be a financially sustainable business.
- Create opportunity for motivated staff to progress with the business to reach their potential.

Principal Activity

The company's principal activity continues to be that of commercial refurbishment and fit out, mechanical and electrical engineering services.

Business Review and Future Developments

We strive to continue to generate and grow sustainable profitability and shareholder return through effective control on new project work and ensuring delivery in the most cost effective way.

The key performance indicators (KPI's) that the company regard as important are:

- Gross profit margin
- The ratio of operating expenses to turnover
- The ratio of operating profit to turnover, and
- Earnings before interest, and depreciation
- Cashflow generated from operating activities

During the year under review there was a fall in most of the KPIs due to a large project undertaken in the Midlands but the opportunity provides us with a springboard to obtaining more work at a better profit margin. Trading conditions are challenging however our future outlook on new work looks promising with good forecasted returns.

SUSTAINABILITY INC LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2016

Business Risks

The company operates in a highly-regulated market in terms of Building Regulations, Health & Safety Regulations and HMRC requirements in relation to subcontractors. Significant changes to those regulations may have a significant impact on the business, adverse or otherwise. The directors consider these uncertainties in the external environment when developing their strategy and reviewing performance. As part of our day to day operations we engage with relevant organisations' to ensure that we continue to trade under the current guidelines. The directors and the management of the company constantly review any potential changes to general economic activity, government policies, tax legislation and environmental requirements and amend strategy as appropriate.

Financial Risk

The major risks for this business are liquidity and credit risk associated with the building industry and regulations. The directors have established a risk and financial management framework whose primary objectives are to protect the company from events that hinder the achievement of the company's performance objectives. The company uses various financial instruments which includes cash, debtors, retentions, bonds and trade creditors. The purpose of these financial instruments is to raise finance for the company's trading operation. The main risks arising from the company's financial instruments are as follows

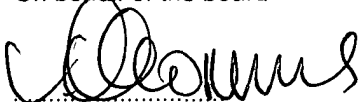
Liquidity Risk

Due to the nature of financial instruments used by the company, there is exposure to variations to contract prices as part of the final accounts on projects. In respect of bank balances the liquidity is managed by maintaining adequate cash balances. Trade creditors liquidity risk is managed by ensuring sufficient funds are available, as much as feasible, to meet amounts due.

Credit Risk

The company's principle financial assets are its trade debtors, client's retentions, and bonds. The company monitors credit risk closely and considers that its current policies of credit checks meets its objective of managing exposure to credit risk. Regular reviews are carried out of outstanding debtors, retentions, bonds and final accounts for billing to ensure cash is released as soon as possible.

On behalf of the board



L S Kilcommons

Director

9.1.17

SUSTAINABILITY INC LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 APRIL 2016

The directors present their annual report and financial statements for the year ended 30 April 2016.

Principal activities

The principal activity of the company continued to be that of commercial refurbishment & fit out and mechanical & electrical engineering services,

Directors

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

M S Allen
L S Kilcommons
M D Maloney
A P Murray
A P Radford

Results and dividends

The results for the year are set out on page 7.

Ordinary dividends were paid amounting to £623,680. The directors do not recommend payment of a final dividend.

Auditor

Cowgill Holloway LLP were appointed as auditor to the company. The auditor, Cowgill Holloway LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure to auditor

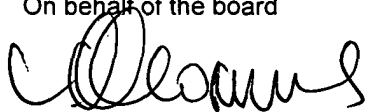
So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to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

SUSTAINABILITY INC LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2016

On behalf of the board



L S Kilcommons

Director

9.1.17

SUSTAINABILITY INC LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SUSTAINABILITY INC LIMITED

We have audited the financial statements of Sustainability Inc Limited for the year ended 30 April 2016 which comprise the Statement of Comprehensive Income, the Statement Of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, 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). Those standards require us to comply with the FRC's Ethical Standard for Auditors.

Scope of the audit of the financial statements

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. 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.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 April 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.

Opinion on other matters 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.

SUSTAINABILITY INC LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF SUSTAINABILITY INC LIMITED

Matters on which we are required to report by exception

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.



John Marshall (Senior Statutory Auditor)
for and on behalf of Cowgill Holloway LLP

Chartered Accountants
Statutory Auditor

9.1.17

Regency House
45-53 Chorley New Road
Bolton
Lancashire
BL1 4QR

SUSTAINABILITY INC LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 APRIL 2016

	Notes	2016 £	2015 £
Revenue	3	12,041,271	11,744,542
Cost of sales		(10,033,129)	(9,649,102)
Gross profit		2,008,142	2,095,440
Administrative expenses		(1,144,114)	(1,068,915)
Other operating income		27,473	28,231
Profit/(loss) on disposal of operations		-	(9,440)
Operating profit	4	891,501	1,045,316
Investment income	7	357	2,938
Finance costs	8	(1,928)	(1,255)
Profit before taxation		889,930	1,046,999
Taxation	9	(186,615)	(216,998)
Profit for the financial year		703,315	830,001
Other comprehensive income		-	-
Total comprehensive income for the year		703,315	830,001

The income statement has been prepared on the basis that all operations are continuing operations.

SUSTAINABILITY INC LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 30 APRIL 2016

	Notes	2016 £	£	2015 £	£
Fixed assets					
Property, plant and equipment	11		100,673		47,481
Current assets					
Inventories	13	118,982		407,606	
Trade and other receivables	14	1,780,450		1,333,010	
Cash at bank and in hand		1,653,707		1,426,819	
		<u>3,553,139</u>		<u>3,167,435</u>	
Current liabilities	15	(2,801,208)		(2,454,506)	
Net current assets			<u>751,931</u>		<u>712,929</u>
Total assets less current liabilities			<u>852,604</u>		<u>760,410</u>
Non-current liabilities	16		(18,572)		(10,133)
Provisions for liabilities	19		(13,600)		(9,480)
Net assets			<u><u>820,432</u></u>		<u><u>740,797</u></u>
Equity					
Called up share capital	21		400		400
Share premium account			79,962		79,962
Retained earnings			740,070		660,435
Total equity			<u><u>820,432</u></u>		<u><u>740,797</u></u>

The financial statements were approved by the board of directors and authorised for issue on 9.1.17 and are signed on its behalf by:



L S Kilcommons
Director

Company Registration No. 06311566

SUSTAINABILITY INC LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 APRIL 2016

	Notes	Share capital £	Share premium account £	Retained earnings £	Total £
Balance at 1 May 2014		400	79,962	799,157	879,519
Year ended 30 April 2015:					
Profit and total comprehensive income for the year		-	-	830,001	830,001
Dividends	10	-	-	(968,723)	(968,723)
		<hr/>	<hr/>	<hr/>	<hr/>
Balance at 30 April 2015		400	79,962	660,435	740,797
Year ended 30 April 2016:					
Profit and total comprehensive income for the year		-	-	703,315	703,315
Dividends	10	-	-	(623,680)	(623,680)
		<hr/>	<hr/>	<hr/>	<hr/>
Balance at 30 April 2016		<hr/> <hr/> 400	<hr/> <hr/> 79,962	<hr/> <hr/> 740,070	<hr/> <hr/> 820,432

SUSTAINABILITY INC LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 APRIL 2016

	Notes	2016 £	£	2015 £	£
Cash flows from operating activities					
Cash generated from operations	26	1,129,030		1,400,971	
Interest paid		(1,928)		(1,255)	
Income taxes paid		(219,803)		(217,591)	
Net cash inflow from operating activities		907,299		1,182,125	
Investing activities					
Proceeds on disposal of intangibles		-		(9,440)	
Purchase of property, plant and equipment		(51,932)		(4,078)	
Interest received		357		2,938	
Net cash used in investing activities		(51,575)		(10,580)	
Financing activities					
Payment of finance leases obligations		(5,156)		(3,441)	
Dividends paid		(623,680)		(968,723)	
Net cash used in financing activities		(628,836)		(972,164)	
Net increase in cash and cash equivalents		226,888		199,381	
Cash and cash equivalents at beginning of year		1,426,819		1,227,438	
Cash and cash equivalents at end of year		1,653,707		1,426,819	

SUSTAINABILITY INC LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2016

1 Accounting policies

Company information

Sustainability Inc Limited is a company limited by shares incorporated in England and Wales. The registered office is 2A Zebra Court, White Moss View, Middleton, Manchester, M24 1UN.

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 on the historical cost convention. The principal accounting policies adopted are set out below.

These financial statements for the year ended 30 April 2016 are the first financial statements of Sustainability Inc Limited prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The date of transition to FRS 102 was 1 May 2014. The reported financial position and financial performance for the previous period are not affected by the transition to FRS 102.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Revenue

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

Revenue from contracts for the provision of construction services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

1.4 Property, plant and equipment

Property, plant and equipment 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 over their useful lives on the following bases:

Leasehold improvements	Over the life of the lease
Plant and equipment	25% reducing balance
Fixtures and fittings	15% reducing balance
Motor vehicles	25% reducing balance

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.

SUSTAINABILITY INC LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2016

1 Accounting policies

(Continued)

1.5 Impairment of non-current 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.

1.6 Inventories

Inventories are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition.

1.7 Construction contracts

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the reporting end date. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

When it is probable that total contract costs will exceed total contract turnover, the expected loss is recognised as an expense immediately.

Where the outcome of a construction contract cannot be estimated reliably, contract costs are recognised as expenses in the period in which they are incurred and contract revenue is recognised to the extent of contract costs incurred where it is probable that they will be recoverable.

The "percentage of completion method" is used to determine the appropriate amount to recognise in a given period. The stage of completion is measured by the proportion of contract costs incurred for work performed to date compared to the estimated total contract costs.

1.8 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

SUSTAINABILITY INC LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2016

1 Accounting policies

(Continued)

1.9 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include trade and other receivables 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.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publically traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

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.

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.

SUSTAINABILITY INC LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2016

1 Accounting policies

(Continued)

Basic financial liabilities

Basic financial liabilities, including trade and other payables, 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 receipts 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 payables 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 payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

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

1.10 Equity instruments

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

1.11 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 income statement 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.

SUSTAINABILITY INC LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2016

1 Accounting policies

(Continued)

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 income statement, 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.

1.12 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 non-current 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.

1.13 Retirement benefits

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

1.14 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 statement of financial position as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the income statement so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

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

SUSTAINABILITY INC LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2016

1 Accounting policies

(Continued)

1.15 Training grants

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

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

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.

3 Revenue

An analysis of the company's revenue is as follows:

	2016 £	2015 £
Turnover	12,041,271	11,744,542
Other significant revenue		
Interest income	357	2,938

Revenue analysed by geographical market

	2016 £	2015 £
United Kingdom	12,041,271	11,744,542

4 Operating profit

	2016 £	2015 £
Operating profit for the year is stated after charging/(crediting):		
Fees payable to the company's auditor for the audit of the company's financial statements	7,500	7,000
Depreciation of owned property, plant and equipment	14,940	12,736
Operating lease charges	86,317	35,048

SUSTAINABILITY INC LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2016

5 Employees

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

	2016 Number	2015 Number
Site, office and administration	29	27

Their aggregate remuneration comprised:

	2016 £	2015 £
Wages and salaries	1,104,057	831,086
Pension costs	39,479	317,891
	<u>1,143,536</u>	<u>1,148,977</u>

6 Directors' remuneration

	2016 £	2015 £
Remuneration for qualifying services	73,445	74,686

7 Investment income

	2016 £	2015 £
Interest income		
Interest on bank deposits	357	2,938

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	357	2,938
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8 Finance costs

	2016 £	2015 £
Interest on financial liabilities measured at amortised cost:		
Interest on finance leases and hire purchase contracts	1,497	1,255
Other finance costs:		
Other interest	431	-
	<u>1,928</u>	<u>1,255</u>

SUSTAINABILITY INC LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2016

9 Taxation

	2016 £	2015 £
Current tax		
UK corporation tax on profits for the current period	182,495	219,803
Deferred tax		
Origination and reversal of timing differences	4,120	(2,805)
Total tax charge	186,615	216,998

The charge for the year can be reconciled to the profit per the income statement as follows:

	2016 £	2015 £
Profit before taxation	889,930	1,046,999
Expected tax charge based on the standard rate of corporation tax in the UK of 20.00% (2015: 20.82%)	177,986	217,985
Tax effect of expenses that are not deductible in determining taxable profit	6,556	-
Permanent capital allowances in excess of depreciation	2,073	(987)
Tax expense for the year	186,615	216,998

10 Dividends

	2016 £	2015 £
Interim paid	623,680	968,723

SUSTAINABILITY INC LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2016

11 Property, plant and equipment

	Leasehold improvements	Plant and equipment	Fixtures and fittings	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 May 2015	-	3,356	45,865	44,874	94,095
Additions	32,720	620	18,592	16,200	68,132
At 30 April 2016	32,720	3,976	64,457	61,074	162,227
Depreciation and impairment					
At 1 May 2015	-	1,963	17,804	26,847	46,614
Depreciation charged in the year	1,904	459	5,699	6,878	14,940
At 30 April 2016	1,904	2,422	23,503	33,725	61,554
Carrying amount					
At 30 April 2016	30,816	1,554	40,954	27,349	100,673
At 30 April 2015	-	1,393	28,061	18,027	47,481

12 Financial instruments

	2016 £	2015 £
Carrying amount of financial assets		
Debt instruments measured at amortised cost	1,725,877	1,297,280
Carrying amount of financial liabilities		
Measured at amortised cost	2,182,173	1,949,165

13 Inventories

	2016 £	2015 £
Work in progress	118,982	407,606

14 Trade and other receivables

	2016 £	2015 £
Amounts falling due within one year:		
Trade receivables	537,774	669,935
Other receivables	1,188,103	627,345
Prepayments and accrued income	54,573	35,730
	1,780,450	1,333,010

SUSTAINABILITY INC LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2016

15 Current liabilities

	Notes	2016 £	2015 £
Obligations under hire purchase obligations and finance leases	17	5,234	2,629
Trade payables		2,035,404	1,761,950
Corporation tax		182,495	219,803
Other taxation and social security		336,581	249,685
Other payables		122,963	174,453
Accruals and deferred income		118,531	45,986
		<u>2,801,208</u>	<u>2,454,506</u>

16 Non-current liabilities

	Notes	2016 £	2015 £
Obligations under hire purchase obligations and finance leases	17	18,572	10,133
		<u>18,572</u>	<u>10,133</u>

17 Hire purchase and finance lease obligations

	2016 £	2015 £
Future minimum lease payments due under hire purchase obligations and finance leases:		
Within one year	5,234	2,629
In two to five years	18,572	10,133
	<u>23,806</u>	<u>12,762</u>

The hire purchase creditor is secured on the assets concerned.

18 Provisions for liabilities

	2016 £	2015 £
Deferred tax liabilities	13,600	9,480
	<u>13,600</u>	<u>9,480</u>

SUSTAINABILITY INC LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2016

19 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2016 £	Liabilities 2015 £
Balances:		
Accelerated capital allowances	13,600	9,480
Movements in the year:		2016 £
Liability at 1 May 2015		9,480
Charge to profit or loss		4,120
Liability at 30 April 2016		13,600

20 Retirement benefit schemes

Defined contribution schemes

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.

The charge to profit and loss in respect of defined contribution schemes was £39,479 (2015 - £317,891).

21 Share capital

	2016 £	2015 £
Ordinary share capital		
Issued and fully paid		
360 Ordinary "A" shares of £1 each	360	360
20 Ordinary "B" shares of £1 each	20	20
20 Ordinary "C" shares of £1 each	20	20
	400	400

SUSTAINABILITY INC LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2016

22 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:

	2016 £	2015 £
Between two and five years	180,000	-
In over five years	318,250	220,000
	<u>498,250</u>	<u>220,000</u>

23 Related party transactions

At the balance sheet date there was an amount of £79,427 (2015: £60,670) due to Sustainability Management Limited included in creditors. During the year the company was charged a management fee of £72,000 (2015: £78,000).

Also included in creditors there was an amount of £3,239 (2015: £Nil) due to Rentec Solutions Limited and £11,088 (2015: £4,000 debtor) due to Safer Sphere CHS Limited.

The above companies are related due to common Directorships and shareholdings.

24 Directors' transactions

Dividends totalling £623,680 (2015 - £968,723) were paid in the year in respect of shares held by the company's directors.

25 Controlling party

The company is controlled by its directors.

SUSTAINABILITY INC LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2016

26 Cash generated from operations

	2016 £	2015 £
Profit for the year after tax	703,315	830,001
Adjustments for:		
Taxation charged	186,615	216,998
Finance costs	1,928	1,255
Investment income	(357)	(2,938)
(Gain)/loss on disposal of intangible assets	-	9,440
Depreciation and impairment of property, plant and equipment	14,940	22,177
Movements in working capital:		
Decrease in inventories	288,624	235,695
(Increase) in trade and other receivables	(447,440)	(33,367)
Increase in trade and other payables	381,405	121,710
Cash generated from operations	<u>1,129,030</u>	<u>1,400,971</u>