

idverde Limited

**Annual report and consolidated
financial statements**

Registered number 06539986

For the period ended 31 December 2015

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Strategic report

The directors present their strategic report together with the audited financial statements for the nine month period ended 31 December 2015.

idverde Limited is a holding company for the UK trading Group. idverde is a leading provider of specialist clean and green services, delivering grounds management, arboriculture, cleansing, park management and consultancy, facilities management and landscape construction services.

idverde wins the majority of its income by tendering for, and delivery of, long-term maintenance contracts. It has an enviable record for the quality of its service delivery and consequently for retaining contracts when they come up for extension and renewal.

idverde has a four point strategy for growth namely:

- 1 Retaining and renewing existing contracts through the continued quality of service provision
- 2 Organic growth via new contracts
- 3 Acquisitive growth from selective strategic acquisitions
- 4 Continued development of its people, processes and systems

Profit and cash flow improved during the period compared to the comparative 9 month period in the 12 months to 31 March 2015. This has been achieved against a continued background of client spending cuts within the public sector. This reaffirms management's ability to help its clients achieve their financial objectives at the same time as continuing to grow the profitability of idverde.

idverde delivered strong results for the 9 month period with adjusted EBITDA of £4.3 million, 9.5% of turnover (*year ended 31 March 2015: £5.3 million, 10.4% of turnover*).

During the period idverde won / commenced a number of significant new long-term contracts most notably:

- Securing the delivery for the Parks Management service at the London borough of Bromley until 2019, all part of a variation and extension to the current grounds maintenance contract, also running until 2019.
- The award of a contract to deliver grounds maintenance services to Wiltshire Council, running until May 2020.
- The retention of the contract at Elmbridge Borough Council, plus the award of additional lots, commencing April 2015 and running for an initial term until March 2022, with an extension option until March 2024.
- The award of a term maintenance contract with Colchester Borough Council to deliver grounds maintenance services commencing April 2016, for an initial period of 7 years and 7 months until October 2023, with an extension option until October 2026.

Following the new business won in the period, the Group has a forward order book on grounds maintenance of £319.6 million (*year ended 31 March 2015: £322.3 million*), including available extension periods totalling £132.0 million. The bid pipeline remains healthy, with a number of significant tenders in the pipeline for 2016.

Management continues to address the issues surrounding the reducing budgets of many of our public sector clients, working even closer with them to help achieve their budget reductions and service delivery objectives, ensuring the Group protects its margin at the same time as delivering client objectives. This approach together with The Group's enviable track record of securing contract extensions has meant that it continues to develop its first strategic objective to "keep and improve what we have got".

idverde's financial position is now stronger following the sale of the business to idverde SAS on 17 March 2015 and this is reflected in industry recognised credit reports for both idverde and its operating subsidiaries.

On 17 February 2016, Hare Bidco Limited, a wholly owned subsidiary of idverde Limited, acquired 100% of the share capital of Pfeiffer Holdings Limited and its subsidiaries.

Strategic report *(continued)*

Key performance indicators (“KPIs”)

	Period ended 31 December 2015	Year ended 31 March 2015	Commentary
Turnover £m	44.9	50.8	Group turnover reduced in the period due to the short 9 month period.
Adjusted EBITDA £m*	4.3	5.3	Adjusted EBITDA reduced in the period due to the short 9 month period.
Adjusted EBITDA margin %	9.5	10.4	Adjusted EBITDA margin % is the ratio of adjusted EBITDA compared to turnover. The ratio for December 2015 was broadly in line with March 2015, reducing slightly due to the commencement of new start up contracts in the period.
Grounds Maintenance order book £m	319.6	322.3	The Group has substantially maintained the term order book, providing solid future revenue generation beyond 2025.

* Adjusted EBITDA is defined as follows:

	Period ended 31 December 2015 £000	Year ended 31 March 2015 £000
Operating profit	2,227	1,072
Add back:		
Depreciation	1,512	1,670
Non-underlying costs	57	2,468
Investors’ fees/management charges	457	95
Adjusted EBITDA	<u>4,253</u>	<u>5,305</u>

Strategic report (continued)

Financial risk management

idverde's operations expose it to a variety of financial risks that include the effects of changes in market prices, credit risk and liquidity risk. idverde has in place a risk management programme that seeks to limit the adverse effects on the financial performance of idverde, by monitoring levels of debt finance and the related finance costs. Given the size of idverde, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the Board. The policies set out by the Board of directors are implemented by idverde's finance department.

Price Risk

idverde is exposed to commodity price risk as a result of its operations. However, given the size of the Group's operations, the costs of managing exposure to commodity price risk exceed any potential benefits. The directors will revisit the appropriateness of this policy should the Group's operations change in size or nature.

Credit Risk

idverde has implemented policies that require appropriate credit checks on potential customers before sales are made. The Group operates credit insurance for significant private sector transactions.

Liquidity Risk

idverde, with the support of its parent and the Group's principal shareholder, actively maintains a mixture of long term and short term debt finance that is designed to ensure the Group has sufficient available funds for operations and planned expansions.

Business risk

idverde regularly assesses risks that impact on the business. This includes our processes and procedures in relation to quality and health and safety. idverde has maintained its full accreditation for ISO9001, ISO14001 and OHSAS18001. As part of our Integrated Management System, idverde conducts regular risk assessments and audits with management committed to improving controls and processes. idverde's Board regularly reviews such risk assessments together with related health and safety matters. All of the key indicators showed an improving trend throughout the period. During the period, idverde continued its training programme for managers to undertake NEBOSH and IOSH training courses. As at the period end one manager held the NEBOSH National Diploma qualification in Occupational Safety and Health and another the iema Associate Certificate in Environmental Management. 14 directors and managers are qualified to NEBOSH certificate level with a programme in 2016 to train a further 11 senior managers. idverde also has a policy of ensuring that every operational manager is qualified to IOSH level and has a continuous training programme to maintain this with new employees and as new managers join at new contracts. As at 31 December 2015, there were 127 employees who had attained the IOSH Managing Safely qualification during the past four years. Eight managers hold the CITB Site Managers Safety Certificate, with six Supervisors holding the Site Supervisor's equivalent. In addition, two managers have completed their full manager's qualification for the New Roads and Street-works certificates with another completing the CPCS Crane/Lift Supervisors certificate in relation to complex lifting operations.

By order of the Board



N Temple-Heald
Chief Executive Officer

27 SEPTEMBER 2016

Directors' report

The directors present their report together with the audited financial statements for the nine month period ended 31 December 2015.

Results and dividends

The profit and loss account is set out on page 9.

During the period, dividends of £Nil (*year ended 31 March 2015: £Nil*) were accrued, but not paid, in respect of amounts due to the preference shareholders.

The directors have not recommended a dividend on the ordinary shares.

Employment of disabled persons

Full and fair consideration is given to all applications for employment.

Employee involvement

During the period, idverde continued to develop its 'grow our own' strategy of attracting and developing talent at all levels within the business. This positive investment by idverde has helped to address the industry wide skills shortage.

During the period, two graduates joined the Greener Graduate programme and 1 person joined to take part in the newly created sponsored student programme; studying full time for a BSc Honours in Ecology & Conservation. Upon graduating this person will join the Greener Graduate scheme as a career path towards management. The leadership development programmes have continued to evolve during the period with 3 managers completing the Accelerated Leadership Programme (ALP) and 6 managers completing the Management Development Programme (MDP), with another 24 scheduled to start in the next financial year.

The ALP and MDP programmes enable the Group to develop the management of people within the business. These programmes educate and guide managers in leadership styles, their own work preferences, the impact of their management on others and the link between good quality leadership, employee engagement and performance.

Training and up skilling amongst operatives has been delivered through the continuation of offering Work Based Diplomas in 12 industry specific frameworks, with 130 operatives completing a Level 2 or 3 qualification during the period. The aim of apprentices representing 5% of permanent headcount has progressed, with 31 Apprentices at the end of the financial period, all of whom upon successful completion will be considered for permanent positions.

Directors

The directors of the company during the period were:

N Temple-Heald
DJ Graham
H Lancon
E Faivre D'Arcier
S Hughes-Clarke
R Chapman (appointed 21 October 2015)

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Directors' report *(continued)*

Auditor

During the period, KPMG LLP were appointed auditor.

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the Board



N Temple-Heald
Chief Executive Officer

27 SEPTEMBER 2016

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3 Rye Hill Office Park
Birmingham Road
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CV5 9AB

Statement of directors' responsibilities in respect of the annual report and the financial statements

The directors are responsible for preparing the Strategic Report, the Directors' Report and the Group and parent company financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare Group and parent company financial statements for each financial year. Under that law they have elected to prepare the Group financial statements in accordance with IFRSs as adopted by the EU and applicable law and have elected to prepare the parent company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

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 Group and parent company and of their profit or loss for that period. In preparing each of the Group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- for the Group financial statements, state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- for the parent company financial statements, state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the parent company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.



KPMG LLP
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B4 6GH
United Kingdom

Independent auditor's report to the members of idverde Limited

We have audited the financial statements of idverde Limited for the nine month period ended 31 December 2015 set out on pages 9 to 46. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice, including FRS 101 Reduced Disclosure Framework).

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 set out on page 6, 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 Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 December 2015 and of the Group's profit for the period then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the EU;
- the parent company financial statements have been properly prepared in accordance with UK Generally Accepted Accounting Practice;
- the financial statements 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 period for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report to the members of idverde Limited (continued)

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.



Simon Purkess (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

28 September 2016

One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

Consolidated Income Statement
for period ended 31 December 2015

		Period ended 31 December 2015			Year ended 31 March 2015		
	Note	Underlying £000	* Non- underlying £000	Total £000	Underlying £000	* Non- underlying £000	Total £000
Turnover	1,2	44,899	-	44,899	50,819	-	50,819
Cost of sales		(39,066)	-	(39,066)	(42,923)	-	(42,923)
Gross profit		5,833	-	5,833	7,896	-	7,896
Administrative expenses		(3,549)	(57)	(3,606)	(4,356)	(2,468)	(6,824)
Operating profit	3	2,284	(57)	2,227	3,540	(2,468)	1,072
Finance expenses	6	(745)	-	(745)	(3,592)	-	(3,592)
Profit/(loss) before taxation		1,539	(57)	1,482	(52)	(2,468)	(2,520)
Taxation	7			449			239
Profit/(loss) for the financial period				1,931			(2,281)

* Non-underlying comprises those items which are unusual because of their size, nature or incidence. The directors consider that these items should be separately identified within their relevant Income Statement caption to enable a full understanding of the Group's results.

The notes on pages 14 to 46 form an integral part of these financial statements

Consolidated Statement of Comprehensive Income
for the period ended 31 December 2015

	Note	Period ended 31 December 2015 £000	Year ended 31 March 2015 £000
Profit/(loss) for the period		1,931	(2,281)
Other comprehensive income			
<i>Items that will not be reclassified to profit or loss</i>			
Remeasurements of defined benefit liability	16	113	(196)
Income tax on items that will not be reclassified to profit or loss		(21)	-
Other comprehensive income/(loss) for the period, net of income tax		92	(196)
Total comprehensive income/(loss) for the period		2,023	(2,477)

Consolidated Balance Sheet
at 31 December 2015

	Note	31 December 2015 £000	31 March 2015 £000
Non-current assets			
Property, plant and equipment	8	5,919	5,194
Intangible assets	9	8,172	8,172
Deferred tax assets	11	568	-
		<u>14,659</u>	<u>13,366</u>
Current assets			
Inventories	12	149	110
Trade and other receivables	13	10,875	10,415
Cash and cash equivalents		5,346	4,167
		<u>16,370</u>	<u>14,692</u>
Total assets		<u><u>31,029</u></u>	<u><u>28,058</u></u>
Current liabilities			
Trade and other payables	14	(11,779)	(11,066)
Other interest-bearing loans and borrowings	15	(1,460)	(1,416)
		<u>(13,239)</u>	<u>(12,482)</u>
Net current assets		<u><u>3,131</u></u>	<u><u>2,210</u></u>
Non-current liabilities			
Other interest-bearing loans and borrowings	15	(11,355)	(11,032)
Employee benefits	16	(209)	(341)
		<u>(11,564)</u>	<u>(11,373)</u>
Total liabilities		<u><u>(24,803)</u></u>	<u><u>(23,855)</u></u>
Net assets		<u><u>6,226</u></u>	<u><u>4,203</u></u>
Equity attributable to equity holders of the parent			
Share capital	17	7,958	7,958
Share premium		15,837	15,837
Retained earnings		(17,569)	(19,592)
Total equity		<u><u>6,226</u></u>	<u><u>4,203</u></u>

The notes on pages 14 to 46 form an integral part of these financial statements

These financial statements were approved by the Board of directors on behalf by:

and were signed on its

27 SEPTEMBER 2016



DJ Graham
Director

Company registered number: 6539986

Consolidated Statement of Changes in Equity

	Share capital £000	Share premium £000	Retained earnings £000	Total equity £000
Balance at 1 April 2014	4	350	(17,115)	(16,761)
Total comprehensive income for the period				
Loss for the period	-	-	(2,281)	(2,281)
Other comprehensive income	-	-	(196)	(196)
	<hr/>	<hr/>	<hr/>	<hr/>
Total comprehensive income for the period	-	-	(2,477)	(2,477)
Issue of shares	7,954	-	-	7,954
Increase in share premium	-	15,487	-	15,487
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 March 2015	7,958	15,837	(19,592)	4,203
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 1 April 2015	7,958	15,837	(19,592)	4,203
Total comprehensive income for the period				
Profit for the period	-	-	1,931	1,931
Other comprehensive income	-	-	92	92
	<hr/>	<hr/>	<hr/>	<hr/>
Total comprehensive income for the period	-	-	2,023	2,023
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 December 2015	7,958	15,837	(17,569)	6,226
	<hr/>	<hr/>	<hr/>	<hr/>

Consolidated Cash Flow Statement
for period ended 31 December 2015

	<i>Note</i>	Period ended 31 December 2015 £000	Year ended 31 March 2015 £000
Cash flows from operating activities			
Profit/(loss) before tax for the period		1,482	(2,520)
<i>Adjustments for:</i>			
Depreciation of property, plant and equipment	3	1,512	1,670
Financial expense	6	745	3,592
Gain on sale of property, plant and equipment	3	(50)	(34)
		<hr/> 3,689	<hr/> 2,708
Increase in trade and other receivables	13	(573)	(1,748)
Increase in inventories	12	(39)	(16)
Increase in trade and other payables	14	713	287
Decrease in employee benefits	16	(25)	(40)
		<hr/> 3,765	<hr/> 1,191
Amortisation of issue costs		-	90
Interest paid		(93)	(7,800)
Tax paid		(29)	(304)
		<hr/> 3,643	<hr/> (6,823)
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		115	143
Acquisition of property, plant and equipment		(1,493)	(1,476)
		<hr/> (1,378)	<hr/> (1,333)
Cash flows from financing activities			
Proceeds from the issue of share capital		-	7,890
Proceeds from new loan	15	-	6,750
Interest on borrowings	15	(185)	(5,219)
Payment of finance lease liabilities	15	(901)	(1,072)
		<hr/> (1,086)	<hr/> 8,349
Net increase in cash and cash equivalents		1,179	193
Cash and cash equivalents at 1 April 2015		4,167	3,974
		<hr/> 5,346	<hr/> 4,167
Cash and cash equivalents at 31 December 2015		<hr/> <hr/> 5,346	<hr/> <hr/> 4,167

The notes on pages 14 to 46 form an integral part of these financial statements

Notes

(forming part of the financial statements)

1 Accounting policies

idverde Limited (the "Company") is a company incorporated and domiciled in the UK.

The Group financial statements consolidate those of the Company and its subsidiaries (together referred to as the "Group"). The parent company financial statements present information about the Company as a separate entity and not about its Group.

The Group financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"). The Company has elected to prepare its parent company financial statements in accordance with FRS 101; these are presented on pages 39 to 46.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these Group financial statements and in preparing an opening IFRS balance sheet at 1 April 2014 for the purposes of the transition to Adopted IFRSs.

1.2 Transition to Adopted IFRS

The Group is preparing its financial statements in accordance with Adopted IFRS for the first time and consequently has applied IFRS 1. An explanation of how the transition to Adopted IFRSs has affected the reported financial position and financial performance of the Group is provided in note 24.

1.3 Measurement convention

The financial statements are prepared on the historical cost basis with the exception of pension scheme assets which are stated at fair value.

1.4 Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on pages 1 to 3. The financial position of the Group is set out in the Consolidated Balance Sheet on page 11 and its cash flows in the Consolidated Cash Flow Statement on page 13. Details of the Group's borrowings and financial instruments are set out in note 15 on page 27 and in note 18 on page 34.

The Group has considerable financial resources together with long-term contracts with a number of customers and suppliers across different geographic areas. As a consequence, the directors believe that the Group is well placed to manage its business risks successfully despite the current uncertain economic outlook.

The directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements

Notes *(continued)*

1 **Accounting policies** *(continued)*

1.5 **Basis of consolidation**

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable. The acquisition date is the date on which control is transferred to the acquirer. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Transactions eliminated on consolidation

Intra-Group balances and transactions, and any unrealised income and expenses arising from intra-Group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

1.6 **Non-derivative financial instruments**

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Trade and other receivables

Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Trade and other payables

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Notes (continued)

1 Accounting policies (continued)

1.7 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Leases in which the Group assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Where land and buildings are held under leases the accounting treatment of the land is considered separately from that of the buildings. Leased assets acquired by way of finance lease are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and less accumulated impairment losses. Lease payments are accounted for as described below.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated. The estimated useful lives are as follows:

- Freehold property 2% to 10% straight line
- Leasehold property evenly over term of lease
- Plant and machinery 10% - 50% straight line
- Motor vehicles 25% straight line
- Office equipment 10% - 33% straight line

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

1.8 Intangible assets and goodwill

Goodwill

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is not amortised but is tested annually for impairment. In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment in the investee.

Notes (continued)

1 Accounting policies (continued)

1.9 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is based on the cost of purchase on a first-in first-out principle.

1.10 Impairment excluding inventories and deferred tax assets

Financial assets (including receivables)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. 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 the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units, or ("CGU"). Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Notes (continued)

1 Accounting policies (continued)

1.11 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement in the periods during which services are rendered by employees.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit pension plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets (at bid price) are deducted. The Group determines the net interest on the net defined benefit liability/asset for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability/(asset).

The discount rate is the yield at the reporting date on bonds that have a credit rating of at least AA that have maturity dates approximating the terms of the Group's obligations and that are denominated in the currency in which the benefits are expected to be paid.

Remeasurements arising from defined benefit plans comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest). The Group recognises them immediately in other comprehensive income and all other expenses related to defined benefit plans in employee benefit expenses in profit or loss.

The calculation of the defined benefit obligations is performed by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Group, the recognised asset is limited to the present value of benefits available in the form of any future refunds from the plan or reductions in future contributions and takes into account the adverse effect of any minimum funding requirements.

1.12 Revenue

Revenue from service contracts represents the fair value of work performed in connection with grounds maintenance services, excluding value added tax. Revenue from long term landscape construction projects is accounted for under the principles of long term contract accounting and is recognised on the basis of an assessment of fair value of works performed, exclusive of value added tax. Differences between this and amounts invoiced are held as amounts recoverable on contract or payments on account. Full provision for loss-making contracts is made for any foreseeable losses.

Notes (continued)

1 Accounting policies (continued)

1.13 Expenses

Operating lease payments

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease.

Finance lease payments

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Financing income and expenses

Financing expenses comprise interest payable and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the income statement.

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method. Dividend income is recognised in the income statement on the date the entity's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

1.14 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

Notes (continued)

2 Revenue

	Period ended 31 December 2015 £000	Year ended 31 March 2015 £000
Grounds maintenance	37,759	42,564
Landscape construction	7,140	8,255
	<u>44,899</u>	<u>50,819</u>

3 Expenses and auditors' remuneration

Included in profit/(loss) are the following:

	Period ended 31 December 2015 £000	Year ended 31 March 2015 £000
Depreciation of property, plant and equipment	1,512	1,670
Profit on sale of property, plant and equipment	(50)	(34)
Operating lease rentals:		
Plant and machinery	1,417	1,549
Other assets	440	539
	<u>440</u>	<u>539</u>

Auditor's remuneration:

	Period ended 31 December 2015 £000	Year ended 31 March 2015 £000
Audit of these financial statements	36	30
Amounts receivable by the company's auditor and its associates in respect of:		
Audit of financial statements of subsidiaries of the company	15	11
Taxation compliance services	14	-
All other services	6	59
	<u>6</u>	<u>59</u>

Fees in respect of the year ended 31 March 2015 were paid to the previous auditors, BDO LLP.

Amounts paid to the Company's auditor and its associates in respect of services to the Company, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis.

Notes (continued)

4 Staff numbers and costs

The average number of persons employed by the Group (including directors) during the period, analysed by category, was as follows:

	Number of employees	
	Period ended 31 December 2015	Year ended 31 March 2015
Administrative staff	68	58
Field operational including managers	1,172	973
Executive and non-executive directors	3	3
	<hr/>	<hr/>
	1,243	1,034
	<hr/>	<hr/>

The aggregate payroll costs of these persons were as follows:

	£000	£000
Wages and salaries	19,046	21,044
Social security costs	1,426	1,698
Contributions to defined contribution plans	415	322
Expenses related to defined benefit plans	127	121
	<hr/>	<hr/>
	21,014	23,185
	<hr/>	<hr/>

5 Non-underlying items

In the period ended 31 December 2015, the Group incurred £57,000 of costs relating to business restructuring following the acquisition by idverde SAS. In the year ended 31 March 2015, the Group incurred £2,468,000 of costs arising on the sale of the Group and the related settlement of debts.

6 Finance expenses

	Period ended 31 December 2015 £000	Year ended 31 March 2015 £000
Finance expense		
Loans and other financial expenses	738	3,585
Net interest on defined benefit plan obligation	7	7
	<hr/>	<hr/>
	745	3,592
	<hr/>	<hr/>
Finance expense		

Notes (continued)

7 Taxation

Recognised in the income statement

	Period ended 31 December 2015 £000	Year ended 31 March 2015 £000
<i>Current tax expense</i>		
Current tax on income for the period	140	-
Adjustments for prior years	-	(239)
	<hr/>	<hr/>
Current tax expense/(credit)	140	(239)
<i>Deferred tax expense</i>		
Recognition of previously unrecognised tax losses	(589)	-
	<hr/>	<hr/>
Deferred tax credit	(589)	-
	<hr/>	<hr/>
Total tax credit	(449)	(239)
	<hr/> <hr/>	<hr/> <hr/>

Reconciliation of effective tax rate

	Period ended 31 December 2015 £000	Year ended 31 March 2015 £000
Profit/(loss) for the period	1,931	(2,281)
Total tax credit	(449)	(239)
	<hr/>	<hr/>
Profit/(loss) excluding taxation	1,482	(2,520)
	<hr/>	<hr/>
Tax using the UK corporation tax rate of 20% (March 2015: 21%)	296	(527)
Fixed assets differences	11	11
Amounts credited directly to SORIE	-	(44)
Non-deductible expenses	55	1,208
Transitional adjustments	(131)	-
Other tax adjustments, reliefs and transfers	(344)	-
Rate difference	53	-
Current period losses for which no deferred tax asset was recognised	(389)	(648)
Adjustment in respect of previous periods	-	(239)
	<hr/>	<hr/>
Total tax credit	(449)	(239)
	<hr/> <hr/>	<hr/> <hr/>

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015.

An additional reduction to 17% (effective from 1 April 2020) was announced in the Budget on 16 March 2016. This will reduce the company's future current tax charge accordingly.

Notes (continued)

8 Property, plant and equipment

	Freehold land and buildings £000	Leasehold land and buildings £000	Plant and equipment £000	Fixtures & fittings £000	Motor vehicles £000	Total £000
Cost						
Balance at 1 April 2014	168	203	10,261	695	1,630	12,957
Additions	-	113	1,884	294	212	2,503
Disposals	-	(32)	(916)	(16)	(406)	(1,370)
Balance at 31 March 2014	168	284	11,229	973	1,436	14,090
Balance at 1 April 2015	168	284	11,229	973	1,436	14,090
Additions	-	170	1,815	245	72	2,302
Disposals	-	(22)	(665)	(20)	(267)	(974)
Balance at 31 December 2015	168	432	12,379	1,198	1,241	15,418
Depreciation and impairment						
Balance at 1 April 2014	19	87	6,957	399	1,025	8,487
Depreciation charge for the year	4	41	1,339	66	220	1,670
Disposals	-	(21)	(875)	(16)	(349)	(1,261)
Balance at 31 March 2015	23	107	7,421	449	896	8,896
Balance at 1 April 2015	23	107	7,421	449	896	8,896
Depreciation charge for the period	3	37	1,194	135	143	1,512
Disposals	-	(22)	(650)	(19)	(218)	(909)
Balance at 31 December 2015	26	122	7,965	565	821	9,499
Net book value						
At 1 April 2014	149	116	3,304	296	605	4,470
At 31 March 2015 and 1 April 2015	145	177	3,808	524	540	5,194
At 31 December 2015	142	310	4,414	633	420	5,919

At 31 December 2015, the net carrying amount of leased plant and machinery and motor vehicles was £3,166,000 (31 March 2015: £3,025,000). The leased equipment and motor vehicles secures leased obligations (see note 15).

Notes (continued)

9 Intangible assets

	Goodwill £000
Cost	
Balance at 1 April 2014	8,180
Fair value adjustment	(8)
	<hr/>
Balance at 31 March 2015 and 31 December 2015	8,172
	<hr/>
Net book value	
At 1 April 2014	8,180
	<hr/>
At 31 March 2015 and 31 December 2015	8,172
	<hr/>

Impairment

Each year, or whenever events or a change in the economic environment or performance indicates a risk of impairment, the Group reviews the value of goodwill allocated to its cash generating units.

An impairment test in a comparison of the carrying value of the assets of the business or CGU to their recoverable amount. The recoverable amount represents the higher of the CGU's fair value less the cost to sell and value in use. Where recoverable amount is less than carrying value, an impairment results. During the period, all goodwill was tested for impairment, with no impairment charge resulting (*31 March 2015: No impairment*).

Value in use was determined by discounting the future cash flows generated from the continuing use of the CGU, applying the following key assumptions.

Key assumptions

Cash flows were projected based on the approved 2016 business plan assuming a growth rate between 2017 and 2025 of 3.5%.

Management have used an approved forecast period of greater than five years because given the nature of the business and the contracts secured going-forward, a forecast period of ten years was deemed more appropriate.

The growth rate selected is greater than the long-term average growth rate for the country market of 1.3% because this is based on historical growth rates achieved by the Group. The growth rates used in the value in use calculation reflect the average growth rate experienced by the Group for the country market over a three year period.

The main assumptions within the operating cash flows used for 2016 include the achievement of future sales values and control of prices including achievement of budgeted operating costs and overheads. These assumptions have been reviewed in light of the current economic environment.

The directors have estimated the discount rate by reference to the Group's weighted average costs of capital. A pre-tax weighted average cost of capital of 8.0% has been used for impairment testing.

Notes (continued)

10 Investments in subsidiaries

The Group and Company have the following investments in subsidiaries:

Company	Country of incorporation	Principal activity	Proportion of shares held %	Class of shares held
Hare Bidco Limited	England and Wales	Dormant ***	100	Ordinary
Banyards Limited *	England and Wales	Dormant ***	100	Ordinary
Western Landscapes Limited *	England and Wales	Dormant ***	100	Ordinary
The Landscape Group Limited **	England and Wales	Grounds maintenance and landscape construction projects	100	Ordinary
English Landscapes Maintenance Limited *	England and Wales	Dormant ***	100	Ordinary
English Landscapes Limited *		Dormant ***		
English Woodlands Limited *	England and Wales	Dormant	100	Ordinary

* owned by The Landscape Group Limited

** owned by Hare Bidco Limited

*** trade and activities of these entities were transferred as at 31 December 2015 and as a result are now considered dormant

11 Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets 31 December 2015 £000	31 March 2015 £000	Liabilities 31 December 2015 £000	31 March 2015 £000
Tangible fixed assets	(578)	-	-	-
Short term provisions	(11)	-	-	-
Employee benefits	21	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Tax assets	(568)	-	-	-
Net of tax liabilities	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Net tax assets	(568)	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>

Movement in deferred tax during the year

	1 April 2015 £000	Recognised in income £000	Recognised in equity £000	31 December 2015 £000
Tangible fixed assets	-	(578)	-	(578)
Short term provisions	-	(11)	-	(11)
Employee benefits	-	-	21	21
	<hr/>	<hr/>	<hr/>	<hr/>
	-	(589)	21	(568)
	<hr/>	<hr/>	<hr/>	<hr/>

No deferred tax was recognised in the year ended 31 March 2015.

Notes (continued)

11 Deferred tax assets and liabilities (continued)

At the Statement of Financial Position date, the Group has unused capital losses in the UK of £Nil (31 March 2015: £1,072,000) available for offset against future chargeable gains. No deferred tax asset is recognised in respect of this amount.

12 Inventories

	31 December 2015 £000	31 March 2015 £000
Raw materials and consumables	149	110

Raw materials, consumables recognised as cost of sales in the period amounted to £3,386,000 (31 March 2015: £4,843,000).

13 Trade and other receivables

	31 December 2015 £000	31 March 2015 £000
Receivables due from parent undertaking	1,173	1,220
Trade receivables	6,247	5,083
Amounts recoverable on contracts	298	1,541
Other receivables	203	171
Corporation tax	7	120
Prepayments and accrued income	2,947	2,280
	<u>10,875</u>	<u>10,415</u>

14 Trade and other payables

	31 December 2015 £000	31 March 2015 £000
Trade creditors	2,820	1,756
Taxation and social security	1,843	2,128
Other trade payables	967	63
Non-trade payables and accrued expenses and deferred income	6,149	7,119
	<u>11,779</u>	<u>11,066</u>

Notes (continued)

15 Other interest-bearing loans and borrowings

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortised cost. For more information about the Group's exposure to interest rate and foreign currency risk, see note 18.

	31 December 2015 £000	31 March 2015 £000
Current liabilities		
Parent company loan	468	462
Interest on loans	86	-
Finance lease liabilities	906	954
	<hr/> 1,460 <hr/>	<hr/> 1,416 <hr/>
Non-current liabilities		
Loan notes	3,660	3,294
Interest bearing loans	6,750	6,750
Finance lease liabilities	945	988
	<hr/> 11,355 <hr/>	<hr/> 11,032 <hr/>

Finance lease liabilities

Finance lease liabilities are payable as follows:

	31 December 2015			31 March 2015		
	Minimum lease payments £000	Interest £000	Principal £000	Minimum lease payments £000	Interest £000	Principal £000
Less than one year	825	81	906	862	92	954
Between one and five years	574	30	604	602	37	639
More than five years	329	12	341	341	8	349
	<hr/> 1,728 <hr/>	<hr/> 123 <hr/>	<hr/> 1,851 <hr/>	<hr/> 1,805 <hr/>	<hr/> 137 <hr/>	<hr/> 1,942 <hr/>

Notes (continued)

16 Employee benefits

Defined benefit plan

The Group sponsors the Federated Pension Plan (FPP) which is a funded defined benefit arrangement. This is a separate trustee administered fund holding the pension plan assets to meet long term pension liabilities for some 22 past and 32 present employees as at 5 April 2013. The level of retirement benefit is principally based on salary earned in the last three years of employment prior to leaving active service and is linked to changes in inflation up to retirement.

The plan is subject to the funding legislation, which came into force on 30 December 2005, outlined in the Pensions Act 2004. This, together with documents issued by the Pensions Regulator, and guidance notes adopted by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension plans in the UK.

The trustees of the plan are required to act in the best interest of the plan's beneficiaries. The appointment of the trustees is determined by the plan's trust documentation. It is policy that at least one third of all trustees should be nominated by the members.

The defined benefit scheme was established under an irrevocable Deed of Trust by idverde Limited for its employees and those of subsidiary undertakings. The Deed determines the appointment of trustees to the fund.

An investment policy was transferred from Scottish Life to the Federated Pension Plan in April 2011, the amount of the transfer payment was £699,000. This consisted of the transfer of previous service for some 13 existing members, as well as transferring into the plan an additional 15 members.

The Federated Pension Plan Scheme is open to new eligible members transferring under TUPE (Transfer of Undertakings and Protection of Employment) where the Group enters into customer contracts requiring a broadly comparable pension scheme offering to those transferring employees who currently contribute to a defined benefit pension scheme.

A full actuarial valuation was carried out as at 5 April 2013 in accordance with the scheme funding requirements of the Pensions Act 2004 and the funding of the plan is agreed between the Group and the trustees in line with those requirements. These in particular require the surplus/deficit to be calculated using prudent, as opposed to best estimate actuarial assumptions.

This actuarial valuation showed a deficit of £643,000. An allowance for the impact of an increase in gilt yields which took place subsequent to the valuation date was taken into account when the valuation was finalised. The position of the Plan based on financial assumptions as at 1 November 2013 revealed a funding shortfall of £361,000. The Group has agreed with the trustees that it will aim to eliminate the deficit over a period of 10 years from 5 April 2014 by the payment of annual contributions of £46,000 in respect of the deficit. In addition and in accordance with the actuarial valuation, the Group has agreed with the trustees that it will pay 37.9% of pensionable earnings less member contributions in respect of the cost of accruing benefits and management and administration expenses. The Group will meet Insurance premiums for death in service premiums and levies to the Pension Protection Fund In addition.

For the purposes of IAS19, the actuarial valuation as at 5 April 2013, which was carried out by a qualified independent actuary, has been updated on an approximate basis to 31 March 2015 and 31 December 2015. There have been no changes in the valuation methodology adopted for this period's disclosures compared to the previous period's disclosures.

Notes (continued)

16 Employee benefits (continued)

Amounts included in the statement of financial position

	31 December 2015 £000	31 March 2015 £000
Fair value of plan assets	1,725	1,630
Present value of defined benefit obligation	(1,934)	(1,971)
Net obligation	(209)	(341)

Reconciliation of opening and closing present value of the defined benefit obligation

	31 December 2015 £000	31 March 2015 £000
Defined benefit obligation at beginning of period	1,971	1,529
Current service cost	127	121
Expenses	25	-
Interest expense	48	70
Contributions by plan participants	17	22
Actuarial gains due to scheme experience	(13)	(14)
Actuarial gains/(losses) due to changes in financial assumptions	(182)	293
Benefits paid, death in service premiums and expenses	(59)	(50)
Present value of defined benefit obligation at end of period	1,934	1,971

There have been no plan amendments, curtailments or settlements in the accounting period.

Reconciliation of opening and closing values of the fair value of plan assets

	31 December 2015 £000	31 March 2015 £000
Fair value of plan assets at beginning of period	1,630	1,351
Interest income	41	63
Return on plan assets (excluding amounts included in interest income)	(82)	83
Contributions by the Group	178	161
Contributions by plan participants	17	22
Benefits paid, death in service premiums and expenses	(59)	(50)
Fair value of plan assets at end of period	1,725	1,630

The actual return on the plan assets over the period ended 31 December 2015 was £41,000.

Notes (continued)

16 Employee benefits (continued)

Defined benefit costs recognised in profit or loss

	31 December 2015 £000	31 March 2015 £000
Current service cost	127	121
Expenses	25	-
Net interest cost	7	7
	<hr/>	<hr/>
Defined benefit costs recognised in profit or loss	159	128
	<hr/> <hr/>	<hr/> <hr/>

Defined benefit costs recognised in other comprehensive income

	31 December 2015 £000	31 March 2015 £000
Return on plan assets (excluding amounts included in net interest cost)	(82)	83
Experience gains and losses arising on the defined benefit obligation gain/(loss)	13	14
Effect of changes in the financial assumptions underlying the present value of the defined benefit obligation gain/(loss)	182	(293)
	<hr/>	<hr/>
Total amount recognised in other comprehensive income gain/(loss)	113	(196)
	<hr/> <hr/>	<hr/> <hr/>

Assets

	31 December 2015 £000	31 March 2015 £000
Equity	568	492
Bonds	270	246
Insurance policy	875	892
Cash	12	-
	<hr/>	<hr/>
	1,725	1,630
	<hr/> <hr/>	<hr/> <hr/>

None of the fair values of the assets shown above include any direct investments in the Group's own financial instruments or any property occupied by, or other assets used by, the Group. All of the scheme assets have a quoted market price in an active market with the exception of the Trustee's bank account balance.

It is the policy of the trustees and the Group to review the investment strategy at the time of each funding valuation. The Trustee's investment objectives and the processes undertaken to measure and manage the risks inherent in the plan investment strategy are illustrated by the asset allocation as at 31 December 2015.

There are no asset/liability matching strategies currently being used by the plan.

Notes (continued)

16 Employee benefits (continued)

Significant actuarial assumptions

	31 December 2015 £000	31 March 2015 £000
Discount rate	3.80	3.20
Inflation (RPI)	3.15	3.00
Inflation (CPI)	2.15	2.00
Salary growth	3.00	3.00
Allowance for revaluation of deferred pensions of RPI	3.15	3.00
Allowance for revaluation of deferred pensions of CPI	2.15	2.00
Allowance for pension in payment increase of RPI	3.15	3.00
Allowance for pension in payment increase of CPI	2.15	2.00
Allowance for commutation of pension for cash at retirement	100% of post a day	100% of post a day

The mortality assumptions adopted at 31 December 2015 are 100% of the standard tables S1PxA, Year of Birth, no age rating for males and females, projected using CMI_2012 converging to 1.50% pa. These imply the following life expectancies:

	Life expectancy at age 65 Years
Male retiring in 2015	22.8
Female retiring in 2015	25.2
Male retiring in 2035	25.1
Female retiring in 2035	27.6

Analysis of the sensitivity to the principal assumptions of the present value of the defined benefit obligation

	Change in assumption	Change in liabilities
Discount rate	Decrease of 0.25% pa	Increase by 4.7%
Rate of inflation	Increase of 0.25% pa	Increase by 4.7%
Rate of salary growth	Increase of 0.25% pa	Increase by 1.2%
Rate of mortality	Increase in life expectancy of 1 year	Increase by 2.5%

The sensitivities shown above are approximate. Each sensitivity considers one change in isolation. The inflation sensitivity includes the impact of changes to the assumptions for revaluation, pension increases and salary growth. The average duration of the defined benefit obligation at the period ended 31 December 2015 is 19 years.

The plan typically exposes the Group to actuarial risks such as investment risk, interest rate risk, salary growth risk, mortality risk and longevity risk. A decrease in corporate bond yields, a rise in inflation or an increase in life expectancy would result in an increase to plan liabilities. This would detrimentally impact the balance sheet position and may give rise to increased charges in future Income Statements. This effect would be partially offset by an increase in the value of the plan's bond holdings, and in qualifying death in service insurance policies that cover the mortality risk. Additionally, caps on inflationary increases are in place to protect the plan against extreme inflation.

The best estimate of contributions to be paid by the Group to the plan for the period commencing 1 January 2016 is £196,000.

Notes (continued)

17 Capital and reserves

Share capital

	31 December 2015 £000	31 March 2015 £000
<i>Allotted, called up and fully paid</i>		
795,750,000 Ordinary shares of £0.01 each	7,958	7,958
	<u>7,958</u>	<u>7,958</u>
Shares classified in shareholders' funds	7,958	7,958
	<u>7,958</u>	<u>7,958</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

18 Financial instruments

(a) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty fails to meet its contractual obligations and arises principally from the Group's trade receivables.

idverde has implemented policies that require appropriate credit checks on potential customers before sales are made. The Group operates credit insurance for significant private sector transactions.

The carrying amount of financial assets at the statement of financial position date was as follows:

	31 December 2015 £000	31 March 2015 £000
Trade and other receivables	10,875	10,415
Cash and cash equivalents	5,346	4,167
	<u>16,221</u>	<u>14,582</u>

Credit quality of financial assets and impairment losses

The aging of trade receivables at the balance sheet date was:

	Gross 31 December 2015 £000	Net of impairment 31 December 2015 £000	Gross 31 March 2015 £000	Net of impairment 31 March 2015 £000
Not past due	5,540	5,540	4,515	4,515
Past due 0-30 days	134	134	419	419
Past due 31-120 days	423	423	267	149
More than 120 days	450	150	147	-
	<u>6,547</u>	<u>6,247</u>	<u>5,348</u>	<u>5,083</u>

All other receivables are not past due (31 March 2015: not past due).

Notes (continued)

18 Financial instruments (continued)

(a) Credit risk (continued)

The movement in the allowance for impairment in respect of trade receivables during the period was as follows:

	31 December 2015 £000	31 March 2015 £000
Opening balance	265	210
Amounts provided	62	79
Amounts utilised	(27)	(24)
	<hr/>	<hr/>
Closing balance	300	265
	<hr/>	<hr/>

The allowance account for trade receivables is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible; at that point the amounts considered irrecoverable are written off against the trade receivables directly.

(b) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

idverde, with the support of its parent and the Group's principal shareholder, actively maintains a mixture of long term and short term debt finance that is designed to ensure the Group has sufficient available funds for operations and planned expansions.

Notes (continued)

18 Financial instruments (continued)

(b) Liquidity risk (continued)

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the effect of netting agreements:

	31 December 2015						31 March 2015					
	Carrying amount £000	Contract- ual cash flows £000	1 year or less £000	1 to <2years £000	2 to <5years £000	5years and over £000	Carrying amount £000	Contract- ual cash flows £000	1 year or less £000	1 to <2years £000	2 to <5years £000	5years and over £000
Non-derivative financial liabilities												
Loan notes	3,660	3,660	-	-	-	3,660	3,294	3,294	-	-	-	3,294
Interest bearing loans	6,836	6,836	86	-	-	6,750	6,750	6,750	-	-	-	6,750
Parent company loan	468	468	468	-	-	-	462	462	462	-	-	-
Finance lease liabilities	1,851	1,851	906	604	341	-	1,942	1,942	954	639	349	-
Trade and other payables	10,812	10,812	10,812	-	-	-	11,003	11,003	11,003	-	-	-
	23,627	23,627	12,272	604	341	10,410	23,451	23,451	12,419	639	349	10,044

Notes (continued)

19 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	Period ended 31 December 2015 £000	Year ended 31 March 2015 £000
Less than one year	304	313
Between one and five years	1,827	1,336
More than five years	122	140
	<hr/> 2,253 <hr/>	<hr/> 1,789 <hr/>

The Group leases the majority of its motor and commercial vehicles on terms that range between three and five years and during the period £1,371,000 (31 March 2015: £1,512,000) was recognised in the Consolidated Income Statement.

20 Commitments

Capital commitments

At 31 December 2015, the Group had entered into contracts for the purchase of property, plant and equipment of £60,000 (31 March 2015: £34,000).

21 Related parties

Following the acquisition of the Group from Elysian Capital LLP on 17 March 2015, the following are considered to be related party transactions and are detailed in note 15 of the financial statements.

A loan was reassigned to idverde SAS, the immediate parent company, which accrues interest at 2% above base rate and is payable on demand. As at 31 December 2015, the amount outstanding was £468,000 (31 March 2015: £462,000).

Another loan exists between idverde SAS and Hare Bidco Limited for a principal amount of £6,750,000 (31 March 2015: £6,750,000). The loan accrues interest at 5% per annum and is payable on demand. As at 31 December 2015 the amount outstanding was £6,836,000 (31 March 2015: £6,750,000).

The loan notes between idverde SAS and Hare Bidco Limited for an amount of £2,953,000 (31 March 2015: £2,953,000) accrue interest at 15% per annum. As at 31 December 2015, the amount outstanding was £3,660,000 (31 March 2015: £3,294,000).

22 Ultimate parent company and parent company of larger Group

The Company's ultimate parent company is Armorica SAS, which is incorporated in France. The ultimate controlling party is Chequers Capital FCPR, a company incorporated in France.

23 Subsequent events

On 17 February 2016, Hare Bidco Limited, a wholly owned subsidiary of idverde Limited, acquired 100% of the share capital of Pfeiffer Holdings Limited and its subsidiaries. The principle activity of the Pfeiffer Holdings Group is the provision of grounds maintenance services. The disclosures required by IFRS 3 have not been made as initial acquisition accounting will remain incomplete until after formal completion of the acquisition.

Notes *(continued)*

24 Explanation of transition to Adopted IFRSs

As stated in note 1, these are the Group's first consolidated financial statements prepared in accordance with Adopted IFRSs.

The accounting policies set out in note 1 have been applied in preparing the financial statements for the period ended 31 December 2015, the comparative information presented in these financial statements for the year ended 31 March 2015 and in the preparation of an opening IFRS balance sheet at 1 April 2014 (the Group's date of transition).

In preparing its opening IFRS balance sheet, the Group has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting (UK GAAP). An explanation of how the transition from UK GAAP to Adopted IFRSs has affected the Group's financial position, financial performance and cash flows is set out in the following tables and the notes that accompany the tables.

Notes (continued)

24 Explanation of transition to Adopted IFRSs (continued)

Reconciliation of equity

			1 April 2014 Effect of transition to Adopted IFRSs	Adopted IFRSs		31 March 2015 Effect of transition to Adopted IFRSs	Adopted IFRSs
	Note	UK GAAP £000	£000	£000	UK GAAP £000	£000	£000
Non-current assets							
Property, plant and equipment		4,470	-	4,470	5,194	-	5,194
Intangible assets	a	8,151	-	8,151	6,774	1,398	8,172
		<u>12,621</u>	<u>-</u>	<u>12,621</u>	<u>11,968</u>	<u>1,398</u>	<u>13,366</u>
Current assets							
Inventories		96	-	96	110	-	110
Trade and other receivables	b	8,092	-	8,092	9,953	462	10,415
Cash and cash equivalents		3,974	-	3,974	4,167	-	4,167
		<u>12,162</u>	<u>-</u>	<u>12,162</u>	<u>14,230</u>	<u>462</u>	<u>14,692</u>
Total assets		<u>24,783</u>	<u>-</u>	<u>24,783</u>	<u>26,198</u>	<u>1,860</u>	<u>28,058</u>
Current liabilities							
Trade and other payables	c	(12,850)	(729)	(13,579)	(10,399)	(667)	(11,066)
Other interest-bearing loans and borrowings	d	(960)	-	(960)	(954)	(462)	(1,416)
		<u>(13,810)</u>	<u>(729)</u>	<u>(14,539)</u>	<u>(11,353)</u>	<u>(1,129)</u>	<u>(12,482)</u>
Non-current liabilities							
Other interest-bearing loans and borrowings		(26,827)	-	(26,827)	(11,032)	-	(11,032)
Employee benefits		(178)	-	(178)	(341)	-	(341)
		<u>(27,005)</u>	<u>-</u>	<u>(27,005)</u>	<u>(11,373)</u>	<u>-</u>	<u>(11,373)</u>
Total liabilities		<u>(40,815)</u>	<u>(729)</u>	<u>(41,544)</u>	<u>(22,726)</u>	<u>(1,129)</u>	<u>(23,855)</u>
Net assets		<u>(16,032)</u>	<u>(729)</u>	<u>(16,761)</u>	<u>3,472</u>	<u>731</u>	<u>4,203</u>
Equity attributable to equity holders of the parent							
Share capital		4	-	4	7,958	-	7,958
Share premium		350	-	350	15,837	-	15,837
Retained earnings		(16,386)	(729)	(17,115)	(20,323)	731	(19,592)
Total equity		<u>(16,032)</u>	<u>(729)</u>	<u>(16,761)</u>	<u>3,472</u>	<u>731</u>	<u>4,203</u>

Notes (continued)

24 Explanation of transition to Adopted IFRSs (continued)

Reconciliation of loss for the 12 month period to 31 March 2015

	<i>Note</i>	UK GAAP £000	31 March 2015 Effect of transition to Adopted IFRSs £000	Adopted IFRSs £000
Revenue	<i>b</i>	50,703	116	50,819
Cost of sales		(42,923)	-	(42,923)
Gross profit		7,780	116	7,896
Administrative expenses	<i>a, c</i>	(8,167)	1,343	(6,824)
Operating loss		(387)	1,459	1,072
Financial income	<i>e</i>	5	(5)	-
Financial expenses	<i>e</i>	(3,586)	(6)	(3,592)
Loss before tax		(3,968)	1,448	(2,520)
Taxation		239	-	239
Loss for the financial period		(3,729)	1,448	(2,281)

Notes to the reconciliation of equity and loss

- a. Under IAS38, the Group no longer amortises goodwill arising on consolidation which is considered to have an indefinite useful life. Such assets are subject to an annual impairment review.
- b. Under IAS18, the Group has changed its method of recognising revenue which has increased revenue by £116,000 in the year to 31 March 2015 and created a liability of £404,000 at 1 April 2014 and a liability of £288,000 at 31 March 2015.
- c. Under IAS19, the Group now recognises accrued holiday liabilities which has created a charge of £26,000 in the year to 31 March 2015 and created a liability of £342,000 at 1 April 2014 and a liability of £368,000 at 31 March 2015.
- d. Under IFRS 7, the Group no longer nets off financial assets and liabilities with its parent company.
- e. Under IAS19 employee benefits there is a change in the calculation of financial income and expense relating to the defined benefit plan.

Company Balance Sheet
at 31 December 2015

	<i>Note</i>	31 December 2015		31 March 2015	
		£000	£000	£000	£000
Fixed assets					
Investments	27		7,976		7,976
			<hr/>		<hr/>
			7,976	7,976	
Current assets					
Debtors	28	4,399		4,887	
Cash at bank and in hand		14		9	
		<hr/>		<hr/>	
		4,413		4,896	
Creditors: amounts falling due within one year	29	(468)		(462)	
		<hr/>		<hr/>	
Net current assets			3,945		4,434
			<hr/>		<hr/>
Total assets less current liabilities, being net assets			11,921		12,410
			<hr/>		<hr/>
Capital and reserves					
Called up share capital	31		7,958		7,958
Share premium account			15,837		15,837
Profit and loss account			(11,874)		(11,385)
			<hr/>		<hr/>
Shareholders' funds			11,921		12,410
			<hr/>		<hr/>

These financial statements were approved by the Board of directors on _____ and were signed on its behalf by: **27 SEPTEMBER 2016**



DJ Graham
Director

Company registered number: 6539986

Company Statement of Changes in Equity

	Share capital £000	Share premium £000	Retained earnings £000	Total equity £000
Balance at 1 April 2014	4	350	(7,689)	(7,335)
Total comprehensive income for the period				
Profit or loss	-	-	(3,696)	(3,696)
	<hr/>	<hr/>	<hr/>	<hr/>
Total comprehensive income for the period	-	-	(3,696)	(3,696)
Issue of shares	7,954	-	-	7,954
Increase in share premium	-	15,487	-	15,487
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 March 2015	7,958	15,837	(11,385)	12,410
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 1 April 2015	7,958	15,837	(11,385)	12,410
Total comprehensive income for the period				
Profit or loss	-	-	(489)	(489)
	<hr/>	<hr/>	<hr/>	<hr/>
Total comprehensive income for the period	-	-	(489)	(489)
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 December 2015	7,958	15,837	(11,874)	11,921
	<hr/>	<hr/>	<hr/>	<hr/>

Notes

(forming part of the financial statements)

25 Accounting policies

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of presenting a Cash Flow Statement and related notes as the consolidated financial statements include the equivalent disclosure.

The Company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements and in preparing an opening FRS 101 balance sheet at 1 April 2014 for the purposes of the transition to FRS 101.

Measurement convention

The financial statements are prepared on the historical cost basis.

Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other debtors, cash and cash equivalents, loans and borrowings, and trade and other creditors.

Trade and other debtors

Trade and other debtors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Trade and other creditors

Trade and other creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Investments in debt and equity securities

Investments in subsidiaries are stated at amortised cost less impairment.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Notes (continued)

25 Accounting policies (continued)

Intra-Group financial instruments

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its Group, the company considers these to be insurance arrangements and accounts for them as such. In this respect, the company treats the guarantee contract as a contingent liability until such time as it becomes probable that the company will be required to make a payment under the guarantee.

Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

Taxation

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

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

Notes (continued)

26 Remuneration of directors

	Period ended 31 December 2015 £000	Year ended 31 March 2015 £000
Directors' remuneration	450	1,533
Company contributions to defined contribution pension plan	12	14
	<u>462</u>	<u>1,547</u>

The aggregate of remuneration and amounts receivable under long term incentive schemes of the highest paid director was £176,000 (*year ended 31 March 2015: £753,000*), and Company pension contributions of £7,000 (*year ended 31 March 2015: £8,000*) were made to a defined contribution pension plan on his behalf.

	Number of directors Period ended 31 December 2015	Year ended 31 March 2015
Retirement benefits are accruing to the following number of directors under:		
Money purchase schemes	3	3
	<u>3</u>	<u>3</u>

27 Fixed asset investments

	Shares in Group undertakings £000
<i>Cost</i>	
At beginning and end of period	7,976
	<u>7,976</u>
<i>Net book value</i>	
At 31 December 2015 and 31 March 2015	7,976
	<u>7,976</u>

28 Debtors

	Period ended 31 December 2015 £000	Year ended 31 March 2015 £000
Amounts owed by Group undertakings	3,227	3,665
Other debtors	1,172	1,222
	<u>4,399</u>	<u>4,887</u>

Notes (continued)

29 Interest-bearing loans and borrowings

This note provides information about the contractual terms of the Company's interest-bearing loans and borrowings, which are measured at amortised cost.

	Period ended 31 December 2015 £000	Year ended 31 March 2015 £000
Creditors falling due in less than one year		
Parent company loan	468	462

Terms and debt repayment schedule

Terms and debt repayment schedule

	Currency	Nominal interest rate	Year of maturity	Face value December 2015 £000	Carrying amount December 2015 £000	Face value March 2015 £000	Carrying amount March 2015 £000
Parent company loan	GBP	Base + 2%	On demand	468	468	462	462

30 Deferred tax assets and liabilities

Unrecognised deferred tax assets and liabilities

At the Statement of Financial Position date, the Company has unused capital losses in the UK of £4,000 (31 March 2015: £55,000) available for offset against future chargeable gains. No deferred tax asset has been recognised in respect of this amount.

31 Called up share capital

Share capital

	Period ended 31 December 2015 £000	Year ended 31 March 2015 £000
Allotted, called up and fully paid		
Ordinary shares of £0.01 each	7,958	7,958
Shares classified as liabilities	-	-
Shares classified in shareholders' funds	7,958	7,958

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

Notes *(continued)*

32 Explanation of transition to FRS 101 from old UK GAAP

As stated in note 25, these are the Company's first financial statements prepared in accordance with FRS 101.

The accounting policies set out in note 25 have been applied in preparing the financial statements for the period ended 31 December 2015, the comparative information presented in these financial statements for the year ended 31 March 2015 and in the preparation of an opening FRS 101 balance sheet at 1 April 2014 (the Company's date of transition).

In preparing its FRS 101 balance sheet, the Company has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting (UK GAAP). An explanation of how the transition from UK GAAP to FRS 101 has affected the Company's financial position and cash flows is set out in the following tables and the notes that accompany the tables.

Notes (continued)

32 Explanation of transition to FRS 101 from old UK GAAP (continued)

Reconciliation of equity

		1 April 2014			31 March 2015		
	Note	UK GAAP	Effect of transition to FRS 101	FRS 101	UK GAAP	Effect of transition to FRS 101	FRS 101
		£000	£000	£000	£000	£000	£000
Fixed assets							
Investments		86	-	86	7,976	-	7,976
		<u>86</u>	<u>-</u>	<u>86</u>	<u>7,976</u>	<u>-</u>	<u>7,976</u>
Current assets							
Debtors	a	6,475	-	6,475	4,425	462	4,887
Cash at bank and in hand		17	-	17	9	-	9
		<u>6,492</u>	<u>-</u>	<u>6,492</u>	<u>4,434</u>	<u>462</u>	<u>4,896</u>
Creditors: amounts due within one year	a	(404)	-	(404)	-	(462)	(462)
Net current assets		<u>6,088</u>	<u>-</u>	<u>6,088</u>	<u>4,434</u>	<u>-</u>	<u>4,434</u>
Creditors: amounts due after more than one year		<u>(13,509)</u>	<u>-</u>	<u>(13,509)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets less current liabilities, being net assets		<u>(7,335)</u>	<u>-</u>	<u>(7,335)</u>	<u>12,410</u>	<u>-</u>	<u>12,410</u>
Capital and reserves							
Called up share capital		4	-	4	7,958	-	7,958
Share premium account		350	-	350	15,837	-	15,837
Profit and loss account		(7,689)	-	(7,689)	(11,385)	-	(11,385)
Shareholders' equity		<u>(7,335)</u>	<u>-</u>	<u>(7,335)</u>	<u>12,410</u>	<u>-</u>	<u>12,410</u>

Notes to the reconciliation of equity

- a. Under IFRS 7, the Group no longer nets off financial assets and liabilities with its parent company.