Registered number: 09601841

Acrobat Carbon Group Limited

Annual Report and Consolidated Financial Statements

For the Period Ended 30 June 2016

Acrobat Carbon Group Limited

Company Information

Director	K J Griffin (appointed 20 May 2015)
Registered number	09601841
Registered office	Unit 9 Rhodes Business Park Silburn Way Middleton Manchester M24 4NE
Independent auditors	Hurst & Company Accountants LLP Chartered Accountants & Statutory Auditors Lancashire Gate 21 Tiviot Dale Stockport Cheshire SK1 1TD
Bankers	NatWest Bank plc 28 Bank Street Rawtenstall Rossendale BB4 8TS

Acrobat Carbon Group Limited

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Group Strategic Report
For the Period Ended 30 June 2016

Introduction

The director presents his group strategic report for the period ended 30th June 2016.

Business review

The company's principal activity is that of a holding company. The prinicipal activity of of its indirect subsidiary, Acrobat Carbon Services Limited, is the management of energy efficiency installation measures in residential properties for onward trading as carbon credits under the Energy Company Obligations (ECO), as required by the UK Energy Act 2011.

The group's result for the period, after taxation, amounted to a loss of £454,875.

However, the current year has seen the granting of contracts with a number of facilitating partners and the group is currently performing in line with forecasts, which will result in a return to profit.

On 28 July 2015, the company acquired Acrobat Carbon Holdings Limited for a combination of cash and shares. This also meant the exit of one of the company's founders, which was successfully and amicably achieved.

The performance of the group has been disappointing during the period, which has seen increased volatility in the energy market. The referendum in June 2016 resulted in a delay in the conclusion of the consultation for ECO which arrived later the same year, which in turn saw the granting of contracts to facilitating partners delayed as energy companies waited for clarity on the next obligation. This delay has impacted the whole of the industry and although the performance has been disappointing, the company has performed better than many other companies in this sector.

Despite the difficulties in the sector during the period, the group has maintained its staff base and continued to invest in its people, who are its most valuable asset, in anticipation of the high volumes for the next ECO obligation. There has also been significant investment in the period in the group's information technology systems, with further development of the bespoke CRM system.

Although this has had an impact on the results, the director is confident that this investment, plus the fact the business has successfully managed its exiting shareholders, now provides a firm foundation for future growth, not only in the ECO market but in new markets not dependent on the obligated markets.

The group has made considerable strides in the development of new markets and opportunities which is a key part of its strategy moving forwards.

Principal risks and uncertainties

The group recognises the importance of good risk management systems, which are reviewed on an ongoing basis. We have the ability to deliver a strong business performance, but our greatest challenge remains that of the volatile and unpredictable ECO market. To address the longer term risk, the group is continually looking at other related markets where it can use its unique skills to add value and reduce its risk in the ECO market. The group continues to develop its self-generation activities, together with its print, production and direct mail offering.

Price risk is managed by clear communication with our installers of the reasons for prices changes and fluctuations, which are a regular feature of the ECO market.

Credit risk through debtor default is limited given that the majority of our clients are blue chip companies. We need to ensure that all work submitted is compliant and free from fraud and so our strong internal systems and controls are regularly monitored and developed. Risk of default on other areas of the business is managed through credit checking prior to working with clients.

Cash flows are updated and reviewed on an ongoing basis and supported by strong and robust financial systems, which systems are continually monitored.

Group Strategic Report
For the Period Ended 30 June 2016

Financial and other key performance indicators

The group monitors and assesses its performance by using key performance indicators, both financial and non-financial. The KPIs are relevant to ensure the company meets its strategic objectives and long term growth.

The group is financially focused, monitoring and challenging financial performance at all levels in the business. Turnover is important and targets are in place for measures delivered (carbon savings for the ECO obligation) in both tonnes and CO_2, together with prices secured. These two key targets are monitored on a weekly basis.

Gross margins per contract are reviewed to ensure returns are acceptable to meet our growth plans and overall profitability, ensuing the required return on investment to stakeholders.

Cash flow is critical to every business and cash forecasts are prepared and reviewed on a monthly basis. Installer payment terms can provide a competitive advantage to the business and the group needs to ensure it maintains any advantage and identifies any improvements it can make to retain a loyal installer base.

Error rates are reviewed regularly as quality of measures delivered is crucial to maintaining market position and achieving further funding. These are reviewed with targets set for the high standards we require. High error rates and poor quality can result in significant financial penalties being levied, although feedback suggests that our controls are sound given the very low rates of rejection we have experienced. This focus on high quality underpins everything we do.

As noted above, the group places great importance on retaining and developing its people, who are critical to its performance. There are a number of employee incentives in place and focus is placed on staff development, including leadership training. Staff retention is measured on a regular basis as it is important that staff feel valued and work to their full potential. To maintain growth and enter new markets, we need to demonstrate our ability to deliver a consistent and reliable service.

Customer relationships are important to the business and customer feedback is obtained at regular intervals which again has been pleasing during the period. This is important to sustain funding for our installer base. We continually assess the needs of the business for people and infrastructure for both current and future development.

This report was approved by the board and signed on its behalf.

Kevin Griffin
....
K J Griffin
Director

Date: 30 March 2017

Director's Report
For the Period Ended 30 June 2016

The director presents his report and the financial statements for the period ended 30 June 2016.

Director's responsibilities statement

The director is responsible for preparing the Group Strategic Report, the Director's Report and the consolidated financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the director must not approve the financial statements unless he is satisfied that he gives a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period. In preparing these financial statements, the director is required to:

- select suitable accounting policies for the Group's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The director is 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 the Group and enable him to ensure that the financial statements comply with the Companies Act 2006. He is also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Results and dividends

The loss for the period, after taxation, amounted to £454,875 *(2015 -profit £1,151,766).*

The director does not recommend the payment of a final dividend.

Director

The director who served during the period was:

K J Griffin (appointed 20 May 2015)

Future developments

The group continues to secure ECO obligation funding but is also exploring new markets and ways of expanding in which it can interact directly with the consumer. It continues to review opportunities that will fit strategically with its existing business and skill set. We consider we are at the forefront of industry developments and feel confident that our reputation will ensure new opportunities come to our business given our strong track record and the fact we are well known for our ability to deliver.

Financial instruments

Risk management is an integral part of the business planning and control processes. Material risks are monitored and regularly discussed with senior management. Preventative and risk reducing measures are in place to pro-actively control risks. Financial risks arise from the underlying operations and finance activities, with exposure for the company being pre dominantly price, credit, and cash flow risk.

Credit risk through debtor default is limited given the majority of our clients are all blue chip companies. We need to ensure that all work submitted is compliant and free from fraud and so our strong internal systems and controls are regularly monitored and developed. Risk of default on other areas of the business is managed through credit checking prior to working with clients.

Cash flows are updated and reviewed on an ongoing basis and supported by strong and robust financial systems, which systems are continually monitored.

Disclosure of information to auditors

The director at the time when this Director's Report is approved has confirmed that:

- so far as is aware, there is no relevant audit information of which the Company and the Group's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditors are aware of that information.

Post balance sheet events

There have been no significant events affecting the Group since the year end.

Auditors

The auditors, Hurst & Company Accountants LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.

Kevin Griffin
....

K J Griffin
Director

Date: 30 March 2017

Independent Auditors' Report to the Shareholders of Acrobat Carbon Group Limited

We have audited the financial statements of Acrobat Carbon Group Limited for the period ended 30 June 2016, set out on pages 7 to 31. The relevant financial reporting framework that has been applied in their preparation is the Companies Act 2006 and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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 Auditors' 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 Auditors

As explained more fully in the Director's Responsibilities Statement on page 3, the director is 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 Financial Reporting Council's Ethical Standards 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 Group's and the parent Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the director; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Group Strategic Report and the Director's 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 Group's and the parent Company's affairs as at 30 June 2016 and of the Group's profit or loss for the period 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 matter prescribed by the Companies Act 2006

In our opinion the information given in the Group Strategic Report and the Director's Report for the financial period for which the financial statements are prepared is consistent with those financial statements.

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 director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

H Besant Roberts

Helen Besant-Roberts (senior statutory auditor)
for and on behalf of
Hurst & Company Accountants LLP
Chartered Accountants
Statutory Auditors
Lancashire Gate
21 Tiviot Dale
Stockport
Cheshire
SK1 1TD
Date: 30 March 2017

Consolidated Statement of Comprehensive Income
For the Period Ended 30 June 2016

	Note	Period ended 30 June 2016
Turnover	4	**11,404,702**
Cost of sales		**(9,706,702)**
Gross profit/(loss)		**1,698,000**
Administrative expenses		**(2,187,447)**
Operating (loss)/profit	5	**(489,447)**
Income from shares in group undertakings		**-**
Interest payable and expenses	9	**(5,122)**
(Loss)/profit on ordinary activities before taxation		**(494,569)**
Tax on (loss)/profit on ordinary activities		**39,694**
(Loss)/profit and total comprehensive income for the period attributable to owners of the parent company		**(454,875)**

The notes on pages 12 to 31 form part of these financial statements.

Acrobat Carbon Group Limited
Registered number: 09601841

Consolidated Balance Sheet
As at 30 June 2016

	Note		30 June 2016 £
Fixed assets			
Intangible assets	13		2,646,547
Tangible assets	14		161,438
			2,807,985
Current assets			
Stocks		4,202	
Debtors: amounts falling due within one year	17	3,931,417	
Cash at bank and in hand		128,003	
		4,063,622	
Creditors: amounts falling due within one year	19	(4,860,599)	
Net current liabilities			(796,977)
Total assets less current liabilities			2,011,008
Provisions for liabilities			
Deferred taxation	22	-	
			-
Net assets			2,011,008
Capital and reserves			
Called up share capital	23		51
Merger reserve	24		2,883,000
Profit and loss account	24		(872,043)
Equity attributable to owners of the parent Company			2,011,008

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

....

K J Griffin
Director

Date: 30 March 2017

The notes on pages 12 to 31 form part of these financial statements.

Company Balance Sheet
As at 30 June 2016

	Note		30 June 2016 £
Fixed assets			
Investments	15		3,123,000
			3,123,000
Current assets			
Debtors: amounts falling due within one year	17	453,000	
		453,000	
Creditors: amounts falling due within one year	19	(669,094)	
Net current (liabilities)/assets			(216,094)
Total assets less current liabilities			2,906,906
Net assets			2,906,906
Capital and reserves			
Called up share capital	23		51
Merger reserve	24		2,883,000
Profit and loss account	24		23,855
			2,906,906

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

....

K J Griffin
Director

Date: 30 March 2017

Consolidated Statement of Changes in Equity
For the Period Ended 30 June 2016

	Called up share capital	Merger reserve	Profit and loss account	Equity attributable to owners of parent Company	Total equity
	£	£	£	£	£
Comprehensive income for the period					
Loss for the period	-	-	(454,875)	(454,875)	(454,875)
Total comprehensive income for the period	-	-	-	-	-
Dividends: Equity capital	-	-	(417,168)	(417,168)	(417,168)
Shares issued during the period	51	-	-	51	51
Merger reserve arising on acquisition of subsidiary	-	2,883,000	-	2,883,000	2,883,000
Total transactions with owners	51	2,883,000	(417,168)	2,465,883	2,465,883
At 30 June 2016	51	2,883,000	(872,043)	2,011,008	2,011,008

Company Statement of Changes in Equity
For the Period Ended 30 June 2016

	Called up share capital	Merger reserve	Profit and loss account	Total equity
	£	£	£	£
Comprehensive income for the period				
Profit for the period	-	-	441,023	441,023
Total comprehensive income for the period	-	-	441,023	441,023
Contributions by and distributions to owners				
Dividends: Equity capital	-	-	(417,168)	(417,168)
Shares issued during the period	51	-	-	51
Merger reserve arising on acquisition of subsidiary	-	2,883,000	-	2,883,000
Total transactions with owners	51	2,883,000	(417,168)	2,465,883
At 30 June 2016	51	2,883,000	23,855	2,906,906

Consolidated Statement of Cash Flows
For the Period Ended 30 June 2016

	30 June 2016 £
Cash flows from operating activities	
(Loss)/profit for the financial period	**(454,875)**
Adjustments for:	
Amortisation of intangible assets	**261,324**
Depreciation of tangible assets	**35,859**
Loss on disposal of tangible assets	**(1,535)**
Interest paid	**5,122**
Taxation charge/(credit)	**(39,694)**
(Increase) in debtors	**(1,726,607)**
Increase in creditors	**3,330,260**
Corporation tax (paid)/received	**(259,004)**
Net cash generated from operating activities	**1,150,850**
Cash flows from investing activities	
Purchase of intangible fixed assets	**(101,617)**
Purchase of tangible fixed assets	**(15,428)**
Sale of tangible fixed assets	**11,988**
Purchase of fixed asset investments	**(240,000)**
HP interest paid	**(5,122)**
Cash acquired on acqusition of subsidiaries	**(232,762)**
Net cash from investing activities	**(582,941)**
Cash flows from financing activities	
Issue of ordinary shares	**51**
Repayment of finance leases	**(30,337)**
Dividends paid	**(417,168)**
Net cash used in financing activities	**(447,454)**
Net increase/(decrease) in cash and cash equivalents	**120,455**
Cash and cash equivalents at beginning of period	**7,548**
Cash and cash equivalents at the end of period	**128,003**
Cash and cash equivalents at the end of period comprise:	
Cash at bank and in hand	**128,003**
	128,003

Notes to the Financial Statements
For the Period Ended 30 June 2016

1. General information

Acrobat Carbon Group Limited is a private company limited by shares and incorporated in England. The address of the registered office and principal place of business is Unit 9, Rhodes Business Park, Silburn Way, Middleton, Manchester, Lancashire, M24 4NE.

The company was incorporated on 15 May 2015. The principal activity of the company is that of a holding company.

The company acquired 100% of the share capital of Acrobat Carbon Holdings Ltd, and its subsidiary Acrobat Carbon Services Ltd, on 28 July 2015.

The principal activity of Acrobat Carbon Holdings Ltd is that of a holding company. Acrobat Carbon Services Ltd's principal activity is the management of energy efficiency installation measures in residential properties for onward trading as carbon credits under the Energy Company Obligation (ECO) as required by the UK Energy Act 2011.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006. The company's registered number is 09601841.

The company was incorporated on 15 May 2015. These consolidated financial statements for the period ended 30 June 2016 are compliant with FRS 102 and are the group's first financial statements.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the Group and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance Sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

2. Accounting policies (continued)

2.3 Going concern

These financial statements have been prepared on a going concern basis which assumes the group will be able to repay its debts as they fall due for a period of at least 12 months from the approval of the financial statements.

The group has prepared the accounts on a going concern basis based on current forecasts for the period through to June 2018 and discounted cashflow calculations. Whilst the group has a deficit on the profit and loss account at 30 June 2016, the Board believes that it can meet its day-to-day working capital requirements from operating cash flows.

The current year has seen the granting of contracts with a number of facilitating partners and the group is currently performing in line with forecasts, which will result in a return to profit.

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Management of energy efficiency installation measures in residential properties

Revenue on carbon saving measures is recognised when all of the following conditions are satisfied:

- The amount of revenue can be measured reliably;
- It is probable that the Company will receive the consideration due under the contract;
- The measure has been completed and submitted to the energy supplier; and
- The costs incurred and the costs to complete the contract can be measured reliably.

Marketing services - Sale of goods and services

Revenue from the sale of goods and services is recognised when all of the following conditions are satisfied:

- The Company has transferred the significant risks and rewards of ownership to the buyer;
- The Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably
- It is probable that the Company will receive the consideration due under the transaction; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

2. Accounting policies (continued)

2.5 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the consolidated statement of comprehensive income over its useful economic life.

Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

Goodwill	-	10	years
Computer software	-	5	years

2.6 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Plant and machinery	-	10% on cost
Motor vehicles	-	33% on cost
Fixtures and fittings	-	20% on cost
Office equipment	-	33% on cost

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the consolidated statement of comprehensive income.

2. Accounting policies (continued)

2.7 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment. Where merger relief is applicable, the cost of the investment in a subsidiary undertaking is measured at the nominal value of the shares issued together with the fair value of any additional consideration paid.

2.8 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.9 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.10 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

2.11 Financial instruments

The Group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the consolidated statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

2. Accounting policies (continued)

2.11 Financial instruments (continued)

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an 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.

2.12 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.13 Finance costs

Finance costs are charged to the consolidated statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.14 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

2.15 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to the consolidated statement of comprehensive income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.16 Pensions

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in the consolidated statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Group in independently administered funds.

2. Accounting policies (continued)

2.17 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the consolidated statement of comprehensive income in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

2.18 Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the consolidated statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

Preparation of the financial statements requires management to make significant judgements and estimates that affect amounts recognised for assets and liabilities at the reporting date and the amounts of revenue and expenses incurred during the reporting period. Actual outcomes may differ from these judgements, estimates and assumptions. The judgements, estimates and assumptions that have the most significant effect on the carrying value of assets and liabilities of the company as at 30 June 2016 are discussed below.

a) Recoverable value of trade debtors and accrued income

The Group has recognised trade debtors with a carrying value of £2,500,334 and accrued income with a carrying value of £876,334. The recoverability of trade debtors and accrued income is regularly reviewed in the light of the available economic information specific to each debtor and specific provisions are recognised for balances considered to be at risk or irrecoverable.

b) Tangible fixed assets

Management exercises judgement in estimating the useful life of property, plant and equipment.

c) Intangible fixed assets

Management also exercises judgement in estimating the useful life of intangible assets.

d) Provision for impairment loss on investments in subsidiaries

Management assess at each reporting date whether there is an indication that the investment in subsidiaries is impaired. If any such indication exists, management shall estimate the recoverable amount of the asset and any impairment loss shall be recognised immediately in the statement of comprehensive income.

4. Turnover

An analysis of turnover by class of business is as follows:

	Period ended 30 June 2016 £
Management of energy efficiency installation measures in residential properties	**10,878,770**
Marketing services	**525,932**
	11,404,702

All turnover arose within the United Kingdom.

5. Operating (loss)/profit

The operating (loss)/profit is stated after charging:

	Period ended 30 June 2016 £
Depreciation of tangible fixed assets	35,859
Amortisation of intangible assets, including goodwill	261,324
Fees payable to the Group's auditor and its associates for the audit of the Company's annual financial statements	17,750
Operating lease rentals - Land & buildings	50,558
Operating lease rentals - Other	53,714
Defined contribution pension cost	198

6. Auditors' remuneration

	Period ended 30 June 2016 £
Fees payable to the Group's auditor for the audit of the Group's annual financial statements	15,500
Fees payable to the Group's auditor for taxation compliance services	2,250
	17,750

7. Employees

Staff costs, including director's remuneration, were as follows:

	Period ended 30 June 2016 £
Wages and salaries	913,237
Social security costs	110,300
Cost of defined contribution scheme	198
	1,023,735

The average monthly number of employees, including the director, during the period was as follows:

	Period ended 30 June 2016 No.
Directors	1
Admin	24
IT	2
Finance	4
Marketing services	15
	46

8. Director's remuneration

	Period ended 30 June 2016 £
Director's emoluments	24,442

9. Interest payable and similar charges

	Period ended 30 June 2016 £
Finance leases and hire purchase contracts	5,122

10. Taxation

	Period ended 30 June 2016 £
Corporation tax	
Adjustments in respect of previous periods (subsidiaries)	(20,129)
	(20,129)
Total current tax	(20,129)
Deferred tax	
Origination and reversal of timing differences	(19,565)
Total deferred tax	(19,565)
Taxation on (loss)/profit on ordinary activities	(39,694)

10. Taxation (continued)

Factors affecting tax charge for the period

The tax assessed for the period is higher than the standard rate of corporation tax in the UK of 20%. The differences are explained below:

	Period ended 30 June 2016 £
(Loss)/profit on ordinary activities before tax	(494,569)
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20%	(102,914)
Effects of:	
Non-tax deductible amortisation of goodwill and impairment	51,240
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	8,042
Capital allowances for period in excess of depreciation	2,571
Adjustments to tax charge in respect of prior periods	(20,129)
Unrelieved tax losses carried forward	19,111
Other differences leading to an increase (decrease) in the tax charge	2,385
Total tax charge/(credit) for the period	**(39,694)**

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

11. Dividends

	30 June 2016 £
Dividends paid on equity capital	417,168

12. Parent company profit for the year

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements. The profit after tax of the parent Company for the period was £441,023.

13. *Intangible assets*

Group and Company

	Computer software £	Goodwill £	Total £
Cost			
Additions	101,617	2,794,950	2,896,567
On acquisition of subsidiaries	11,304	-	11,304
At 30 June 2016	112,921	2,794,950	2,907,871
Amortisation			
Charge for the period	5,120	256,204	261,324
At 30 June 2016	5,120	256,204	261,324
Net book value			
At 30 June 2016	107,801	2,538,746	2,646,547

Amortisation of intangible assets is included in administrative expenses.

Goodwill which arose upon the acquisition by the company of Acrobat Carbon Holdings Limited, and its subsidiary, Acrobat Carbon Services Limited, has a carrying value of £2,538,746 and a remaining amortisation period of 9 years and 1 month.

The group's computer software has a carrying value of £107,801 and is being amortised over a period of 5 years.

No impairment losses on intangible assets have been recognised in the statement of comprehensive income during the period.

14. Tangible fixed assets

Group

	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Office equipment £	Total £
Cost or valuation					
Additions	-	7,350	4,245	3,833	15,428
Acquisition of subsidiaries	110,069	28,727	35,018	18,511	192,325
Disposals	-	(10,453)	-	-	(10,453)
At 30 June 2016	110,069	25,624	39,263	22,344	197,300
Depreciation					
Charge for the period on owned assets	226	10,567	13,033	12,033	35,859
At 30 June 2016	226	10,567	13,033	12,033	35,859
Net book value					
At 30 June 2016	109,843	15,057	26,230	10,311	161,441

15. Fixed asset investments

Direct subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Country of incorporation	Class of shares	Holding	Principal activity
Acrobat Carbon Holdings Ltd	England	Ordinary	100 %	Holding company

Indirect Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Country of incorporation	Class of shares	Holding	Principal activity
Acrobat Carbon Services Ltd	England	Ordinary	100 %	Energy efficiency

The registered office of Acrobat Carbon Holdings Ltd and Acrobat Carbon Services Ltd is Unit 9, Rhodes Business Park, Silburn Way, Middleton, M24 4NE.

Company

	Investments in subsidiary companies £
Cost or valuation	
Additions	**3,123,000**
At 30 June 2016	**3,123,000**
Net book value	
At 30 June 2016	**3,123,000**

16. Stocks

	Group 30 June 2016 £	Company 30 June 2016 £
Finished goods and goods for resale	4,202	-

Stock recognised in cost of sales during the period as an expense was £189,935.

An impairment loss of £nil was recognised in cost of sales against stock during the period due to slow-moving and obsolete stock.

17. Debtors

	Group 30 June 2016 £	Company 30 June 2016 £
Trade debtors	2,500,334	-
Amounts owed by group undertakings	-	453,000
Other debtors	312,650	-
Prepayments and accrued income	980,186	-
Tax recoverable	130,098	-
Deferred taxation	8,149	-
	3,931,417	453,000

An impairment loss of £18,393 was recognised against trade debtors during the period.

18. Cash and cash equivalents

	Group 30 June 2016 £	Company 30 June 2016 £
Cash at bank and in hand	128,003	-
	128,003	-

19. Creditors: Amounts falling due within one year

	Group 30 June 2016 £	Company 30 June 2016 £
Trade creditors	1,966,579	-
Amounts owed to group undertakings	-	669,094
Corporation tax	85,634	-
Other taxation and social security	578,881	-
Other creditors	669,157	-
Accruals and deferred income	1,560,348	-
	4,860,599	669,094

20. Secured debts

	30 June 2016 £
Other creditors	655,887

Other creditors totalling £655,887 are secured with a debenture which includes fixed and floating charges over the assets of the subsidiary company, Acrobat Carbon Services Limited.

21. Financial instruments

	Group 30 June 2016 £	Company 30 June 2016 £
Financial assets		
Financial assets that are debt instruments measured at amortised cost	3,396,668	453,000
Financial liabilities		
Financial liabilities measured at amortised cost	4,182,814	669,094

Financial assets that are debt instruments measured at amortised cost comprise trade debtors, other debtors, accrued income and amounts owed by group undertakings.

Financial liabilities measured at amortised cost comprise of trade creditors, other creditors, accruals and amounts owed to group undertakings.

22. Deferred taxation

Group

	2016
	£
Arising on business combinations	(11,416)
(Charged)/credited to profit or loss	19,565
At end of year	**8,149**

	Group 30 June 2016 £
Accelerated capital allowances	(9,632)
Tax losses carried forward	17,781
	8,149

23. Share capital

	30 June 2016 £	*27 July 2015 £*
Shares classified as equity		
Allotted, called up and fully paid		
51 Ordinary A shares of £1 each	51	-

24. Reserves

Other reserves

A merger reserve arose on a business acquisition that was accounted for as a merger in accordance with UK GAAP.

Profit and loss account

The profit and loss account includes all current period retained profits and losses, net of dividends paid.

25. Business combinations

Acquisition of Acrobat Carbon Holdings Limited and its subsidiary, Acrobat Carbon Services Limited

The company acquired 100% of the share capital of Acrobat Carbon Holdings Limited on 28 July 2015.

The company acquired 67.5% of the issued share capital of Acrobat Carbon Holdings Limited on a share for share exchange. The remaining 32.5% of the issued share capital of Acrobat Carbon Holdings Limited was acquired for cash consideration of £240,000.

	Book value	Fair value adjustment	Fair value
	£	£	£
Fixed assets			
Tangible	**196,729**	-	*196,729*
Intangible	**12,398**	-	*12,398*
	209,127	-	*209,127*
Current assets			
Stocks	**4,202**	-	*4,202*
Debtors	**2,066,559**	-	*2,066,559*
Cash at bank and in hand	**(232,762)**	-	*(232,762)*
Total assets	**2,047,126**	-	*2,047,126*
Creditors			
Due within one year	**(1,719,076)**	-	*(1,719,076)*
Fair value of net assets	**328,050**	-	*328,050*
Goodwill	**2,794,950**	-	*2,794,950*
Fair value of consideration	**3,123,000**	-	*3,123,000*
Purchase consideration settled in cash, as above	**240,000**	-	*240,000*
Merger reserve arising from the investment being recorded at fair value	**2,883,000**	-	*2,883,000*

25. Business combinations (continued)

The results of Acrobat Carbon Holdings Limited and its subsidiary, Acrobat Carbon Services Limited since its acquisition are as follows:

	Current period since acquisition
	£
Turnover	11,404,702
Profit/(loss) for the period	(186,628)

26. Pension commitments

The Group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £198. Contributions totalling £1,059 were payable to the fund at the balance sheet date

27. Commitments under operating leases

At 30 June 2016 the Group had future minimum lease payments under non-cancellable operating leases as follows:

	Group 30 June 2016
	£
Other operating leases	
Not later than 1 year	91,828
Later than 1 year and not later than 5 years	7,840
	99,668

The Company had no commitments under the non-cancellable operating leases as at the balance sheet date.

28. Director's benefits: Advances, credits and guarantees

The director had an interest free loan during the period. The maximum amount advanced to the director during the period was £461,343. Amounts totalling £417,228 were repaid during the period and £300,629 was owed by the director at the year end.

29. Director's personal guarantees

The director has provided a guarantee, limited to £200,000, in respect of the liabilities of a subsidiary company which are included in other creditors.

30. Related party transactions

In preparing these financial statements, the director has taken advantage of the exemptions available under section 33 paragraph 1A of the Financial Reporting Standard 102, and has not disclosed transactions entered into between wholly owned group undertakings.

Purchases totalling £6,500 were made from a company controlled by the director's spouse during the 18 months ended 30 June 2016 and this amount remained payable to the related party at the end of the period.

Key management personnel compensation in the period to 30 June 2016 totalled £24,442.

31. Controlling party

The ultimate controlling party is K J Griffin by virtue of his 90% shareholding.