Energy Technique Limited (formally Energy Technique plc)

Report and Financial Statements

31 July 2016

Directors
M M Reid (Resigned 27 January 2017)
L A Stimpson
R A George (Appointed 23 December 2015)
I Dew (Appointed 23 December 2015)
M L Hoskins (Appointed 23 December 2015)
W K Goldsmith (Resigned 23 December 2015)

Secretary
R M Unsworth (Resigned 23 December 2015)
M J Anscombe (Appointed 23 December 2015)

Auditor
Ernst & Young LLP
1 More London Place
London SE1 2AF

Registered Office
47 Central Avenue
West Molesey
Surrey
KT8 2QZ

Strategic report

During the period the entire issued share capital was purchased by Volution Group plc, following the change in ownership the Company re-registered from a public company to a private limited company. Also during the period, the Company has changed its accounting reference date from 31 March to 31 July, consequently the directors of Energy Technique Limited ('the Company') present their strategic report for the 16 month period ended 31 July 2016.

Principal activity and review of the business

Energy Technique Limited is an intermediate parent undertaking that directly holds an investment in one trading subsidiary. During the period £827,000 of legal and professional expenses were incurred in relation to the sale of the entire issued share capital of the Company to Volution Group plc, these costs are material and non-recurring and have therefore been disclosed as exceptional items in the statement of comprehensive income. In the prior year, the Company provided a range of management services to its subsidiary and charged a management fee. Post-acquisition, this management fee is no longer charged.

The Company's trading subsidiary is engaged in the manufacture and distribution of commercial air conditioning and heating products.

The loss for the period, after taxation, is £772,000 (2015: profit £259,000). The loss was achieved as a result of exceptional costs incurred, during the change of ownership process. See note 4 for further details.

The Company's key financial performance indicator during the period was as follows:

	31 July 2016
	£000
Fair value of investments	14,834

The key focus of management is the fair value of investments, which is summarised above. This differs from the carrying value in the balance sheet, which has not moved during the year.

Principal risks and uncertainties

The directors consider the principal risks and uncertainties facing the Company to be both specific to the Company and also connected with the trading activities of its subsidiaries and to be broadly grouped as asset impairment, economic and financial instrument related. These risks are explained further below:

Asset impairment risk

To identify any risk of impairment in a timely manner, the company reviews the financial performance of its investment on a regular basis. To date, the investment has had a strong period and is not exhibiting indicators of impairment. This is expected to continue for the foreseeable future.

Economic risk

In the UK and Europe, demand for the products of its subsidiary is influenced by both public and privately funded new and refurbishment construction projects. The UK and European construction market is in turn heavily influenced by prevailing macro-economic conditions and relevant UK and European legislation particularly with regards to air quality and energy efficiency. The Company reviews the performance of its subsidiary on a regular basis.

Strategic report (continued)

Financial instrument risk

The most significant financial instrument held by the company is its investments in subsidiary. The directors understanding of the risks associated with the investments held by the entity relates to the potential impairment of this investment. To identify any risk of impairment in a timely manner, the company reviews the financial performance of its investment on a regular basis. This is expected to continue for the foreseeable future.

In addition to investments, the Company engages in two types of financial instrument:

- Intra-group debtors and creditors.
- Short term working capital (other debtors, other creditors and cash); and

The directors do not consider the book value of financial instruments to materially differ from their fair values.

The directors' understanding of and the Company's exposure to risk as a result of using financial instruments is as follows:

> ➢ **Price risk**
> Risk that the value of a financial instrument will fluctuate as a result of changes in market prices. The directors consider this risk to relate to foreign exchange. The risk to derivative financial instruments is minimal as the transacted rate and quantity of currency are fixed in advance. Risk arising on non-derivative financial instruments is mitigated by utilisation of surplus foreign currency within the group of which the Company is a member.
>
> ➢ **Credit risk**
> Risk that one party to a financial instrument will fail to discharge their obligation and cause the other party to incur a financial loss. In relation to derivative financial instruments, the directors consider this to relate to the counterparty the Company transacts with, which is typically a reputable high street bank and exposure is therefore minimal. With regard to non-derivative financial instruments, the directors believe credit risk principally relates to intra-group debtors. To mitigate against exposure to credit risk the Company only lends to companies in the group of which it is a member and regularly reviews the performance and cash flow forecasts of the entities to which is has lent.
>
> ➢ **Liquidity risk**
> Risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments, principally the repayment of its intra-group creditors. To the best of the directors' knowledge there are no foreseeable constraints in discharging obligations under financial instruments. The intra-group debt is not due to be repaid until all intra-group debtors have been repaid.

Change in reporting framework

During the year, the company transitioned from UK GAAP to FRS 101 - Reduced Disclosure Framework and has taken advantage of the disclosure exemptions allowed under this standard. The Company's parent undertaking, Volution Group plc, was notified of and did not object to the use of the disclosure exemptions available under FRS 101. There were no material recognition and measurement differences arising on adoption of FRS 101.

On behalf of the Board

Ian Dew
Director
29 March 2017

Directors' report

The directors of Energy Technique Limited ('the Company') present their report and financial statements for the 16 months period ended 31 July 2016.

Directors

The directors who served the Company during the period and subsequent to the period-end are set-out on page 1.

Dividends

The Company paid no interim dividend (2015 - £36,000). The directors do not recommend the payment of a final dividend (2015 - £54,000).

Financial instruments

The directors' understanding of, and the Company's exposure to risk as a result of using financial instruments is set out in the strategic report.

Disabled employees and employee involvement

A skilled workforce is key to the future of the Company. Health and Safety matters are reviewed regularly by the directors and it is our policy to ensure that:

- Full and fair consideration is given to all applications for employment made by disabled persons, having regard to their capabilities;
- If an existing employee becomes disabled (whether from illness or accident) every reasonable effort is made to continue to provide employment either in the same job, or by training for a suitable alternative job; and
- Disabled persons are given equal consideration for training, career development and opportunities for promotion within the Company.

Management are regularly provided with a range of information concerning the performance of the business by means of meetings and similar briefings that allows employees' views and opinions to be taken into consideration. Other means of communication are used to ensure employees are systematically provided with information on matters of concern to them.

Directors' liabilities

The enlarged Group of which the Company is a member has granted an indemnity to certain directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in section 234 of the Companies Act 2006. Such qualifying third party indemnity provision remains in force at the date of approving the directors' report.

Going concern

The directors confirm that after making appropriate enquiries, they have a reasonable expectation that the Company has adequate support from its ultimate parent company, Volution Group plc, to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements. The directors' responsibilities are set out on page 6 and should be read in conjunction with this statement.

Directors' report (continued)

Disclosure of information to the auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the Company's auditor, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditor

Ernst & Young LLP were appointed as auditor in the year in accordance with Section 485 of the Companies Act 2006. Ernst & Young LLP will be proposed for re-appointment and have expressed willingness to continue in Office

This report was approved by the Board on 29 March 2017 and signed on its behalf by

Ian Dew
Chief Financial Officer
29 March 2017

Directors' responsibilities statement

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

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

In preparing these financial statements, the directors are required to:

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

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

Independent auditors' report to the members of Energy Technique Limited (formally Energy Technique plc)

We have audited the financial statements of Energy Technique Limited (formally Energy Technique plc) for the 16 months period ended 31 July 2016 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and the related notes 1 to 15. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the report and financial statements 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 the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs at 31 July 2016 and of its loss for the 16 months period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 'Reduced Disclosure Framework; 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 strategic report and the directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Independent auditors' report to the members of Energy Technique Limited (formally Energy Technique plc) (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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Ernst & Young LLP

Zishan Nurmohamed (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP (Statutory Auditor)
London
Date 29/03/2017

Statement of comprehensive income

For the 16 month period ended 31 July 2016

	Notes	*16 months ended 31 July 2016 £000*	*Year ended 31 March 2015 £000*
Turnover		-	538
Administrative expenses		(192)	(319)
Operating (loss)/profit before exceptional items		(192)	219
Exceptional items	4	(827)	-
(Loss)/profit on ordinary activities before tax	5	(1,019)	219
Income tax	7	247	40
(Loss)/profit for the period		(772)	259
Other comprehensive income		-	-
Total comprehensive (expense)/income		(772)	259

Results for the current and prior periods arise solely from continuing operations.

Statement of financial position

at 31 July 2016

	Notes	31 July 2016 £000	31 March 2015 £000	As at 1 April 2014 £000
Fixed assets				
Deferred tax	7	-	40	-
Investments	8	2,127	2,127	2,127
		2,127	2,167	2,127
Current assets				
Other debtors	9	432	345	192
Cash at bank and in hand		-	1	1
		432	346	193
Creditors: amounts falling due within one year				
Other creditors	10	(791)	(64)	(58)
Net current (liabilities)/assets		(359)	282	135
Total assets less current liabilities		1,768	2,449	2,262
Net assets		1,768	2,449	2,262
Capital and reserves				
Share capital	11	272	239	239
Share premium		112	-	-
Capital redemption reserve		94	94	94
Profit and loss account		1,290	2,116	1,929
Total equity		1,768	2,449	2,262

The financial statements of Energy Technique Limited (registered number 0013273) were approved by the Board of Directors and authorised for issue on 29 March 2017.

On behalf of the board

Ian Dew
Chief Financial Officer

Statement of changes in equity

For the 16 month period ended 31 July 2016

	Share capital £000	Share premium £000	Capital redemption reserve £000	Profit and loss account £000	Total £000
At 1 April 2014	239	-	94	1,929	2,262
Profit for the year	-	-	-	259	259
Dividends paid	-	-	-	(84)	(84)
Share options	-	-	-	12	12
At 31 March 2015	239	-	94	2,116	2,449
Loss for the period	-	-	-	(772)	(772)
Dividends paid	-	-	-	(54)	(54)
Shares issued - exercise of options	33	112	-	-	145
At 31 July 2016	272	112	94	1,290	1,768

Notes to the financial statements

at 31 July 2016

1. Authorisation of financial statements and statement of compliance with FRS 101

The financial statements present the results and financial position of Energy Technique Limited ("the Company") for the 16 month period ended 31 July 2016. The Company is a private limited company and is incorporated and domiciled in England and Wales. The address of the Company's registered office is 47 Central Avenue, West Molesey, Surrey, KT8 2QZ.

The financial statements were authorised for issue by the board of directors on 29 March 2017 and the statement of financial position was signed on the board's behalf by Ian Dew.

The financial statements have been prepared in accordance with FRS 101, under the historical cost convention and in accordance with the Companies Act 2006.

The Company's financial statements are presented in Sterling and all values are rounded to the nearest thousand pounds (£000) except when otherwise indicated.

The Company has taken advantage of the exemption under s400 of the Companies Act 2006 not to prepare group accounts as it is a wholly owned subsidiary of Volution Group plc. The results of the Company are included in the consolidated financial statements of Volution Group plc which are available from Fleming Way, Crawley, West Sussex RH10 9YX.

The principal accounting policies adopted by the Company are set out in note 2.

2. Accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to the periods presented, unless otherwise stated.

Basis of preparation

The financial statements of the Company have been prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101) and the Companies Act 2006. The financial statements have been prepared under the historical cost convention

The preparation of the financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- The requirements of paragraphs 45(b) and 46 to 52 of IFRS 2 'Share-based Payment'
- The requirements of IFRS 7 'Financial Instruments: Disclosures'
- The requirements of paragraphs 91 to 99 of IFRS 13 Fair Value Measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities)
- The requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of:
    - paragraph 79(a)(iv) of IAS 1;
    - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
    - paragraph 118(e) of IAS 38 Intangible Assets;
- The requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134 to 136 of IAS 1 Presentation of Financial Statements
- The requirements of IAS 7 Statement of Cash Flows.
- The requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- The requirements of paragraph 17 of IAS 24 Related Party Disclosures.
- The requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group
- The requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 Impairment of Assets

Notes to the financial statements (continued)

at 31 July 2016

2. Accounting policies (continued)

Going concern

The directors confirm that after making appropriate enquiries, they have a reasonable expectation that the Company has adequate support from its ultimate parent company, Volution Group plc, to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements. The directors' responsibilities are set out on page 6 and should be read in conjunction with this statement.

Turnover recognition

Management fee turnover

Turnover represents amounts invoiced to fellow group companies for management services and is measured at the fair value of services rendered.

Income taxes

Current income tax assets and liabilities are measured at the amount expected to be recovered from, or payable to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements with the following exceptions:

- Where the temporary differences arise from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised only to the extent that the directors consider it is probable that there will be taxable profits from which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred income tax assets and liabilities are measured on an undiscounted basis at tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates enacted or substantively enacted by the reporting date.

The carrying amount of deferred income tax assets is reviewed at each reporting date. Deferred income tax assets and liabilities are offset, only if a legally enforcement right exists to set off current tax assets against current tax liabilities.

Deferred income tax is charged or credited to other comprehensive income if it relates to items that are charged or credited to other comprehensive income. Similarly, deferred tax is charged or credited directly to equity if it relates to items that are credited or charged directly to equity.

Exceptional items

The Company discloses exceptional items by virtue of their nature, size or incidence to allow a better understanding of the underlying trading performance of the Company. Exceptional items include, but are not limited to significant acquisition and related integration costs.

Notes to the financial statements (continued)

at 31 July 2016

2. Accounting policies (continued)

Debtors

Debtors are recognised when it is probable that a future economic benefit will flow to the Company. Debtors are carried at original invoice or contract amount less any provisions for discounts and doubtful debts. Provisions are made where there is evidence of a risk of non-payment taking into account ageing, previous experience and general economic conditions.

Cash and cash equivalents

Cash and short-term deposits comprise cash at banks and in hand and short-term deposits with an original maturity of three months or less.

Financial assets

Initial recognition and measurement

Financial assets within the scope are classified as loans and receivables.

All financial assets are recognised initially at fair value plus directly attributable transaction costs. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular-way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset. The Company's financial assets include cash and short-term deposits, other receivables and group balances.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period, which are classified as tangible assets. The company's loans and receivables comprise receivables and cash in the balance sheet.

Derecognition of financial assets

A financial asset is derecognised when (i) the rights to receive cash flows from the asset have expired or (ii) the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass through" arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IAS 39 are classified as loans and borrowings. The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

Interest bearing loans and borrowings

Obligations for loans and borrowings are recognised when the Company becomes party to the related contracts and are measured initially at the fair value of consideration received less directly attributable transaction costs.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Gains and losses arising on the repurchase, settlement or otherwise cancellation of liabilities are recognised respectively in interest receivable and similar income and interest payable and similar expenses.

Notes to the financial statements (continued)

at 31 July 2016

2. Accounting policies (continued)

Financial liabilities (continued)

Derecognition of financial liabilities

A liability is generally derecognised when the contract that gives rise to it is settled, sold, cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, such that the difference in the respective carrying amounts together with any costs or fees incurred are recognised in profit or loss.

Investments

Investments are held at cost less accumulated impairment losses.

Creditors

Creditors are obliged to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

Pensions

Contributions to defined contribution schemes are recognised in the statement of comprehensive income in the period they become payable. The cost charged to the statement of comprehensive income of providing retirement pensions for employees represents the amounts paid by the Company to various defined contribution pension schemes operated by the Group in the financial period.

Dividends

Dividends are recognised when they meet the criteria for recognition as a liability. In relation to final dividends, this is when the dividend is approved by the directors in the general meeting, and in relation to interim dividends, when paid.

New standards and interpretations

The following standards and interpretations have an effective date after the date of these financial statements. The Company plans to adopt them from the effective dates adopted by EU and is currently completing an impact assessment to be able to quantify the effect the new standards will have on the company financial statements.

Standard or interpretation	*Title*	*Effective for accounting periods beginning on or after*
IAS 1	Disclosure initiative – Amendments to IAS 1	1 January 2016
IAS 7	Disclosure Initiative - Amendments to IAS 7	1 January 2017
IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
IFRS 15	Revenue from Contracts with Customers	1 January 2018
IFRS 9	Financial Instruments: Classification and Measurement	1 January 2018
IFRS 16	Leases	1 January 2019

Notes to the financial statements (continued)

at 31 July 2016

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of the assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when these financial statements were prepared and approved. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Carry value of investments

The carrying value of the investments is estimated based on the expected performance and value of the investments factoring in potential expected future net cash flow to be generated from the investment. The Company based its estimation on information available when these financial statements were prepared and approved. Existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected when they occur.

4. Exceptional items

The Company discloses exceptional items by virtue of their nature, size or incidence to allow a better understanding of the underlying trading performance of the Company. Exceptional items are summarised below:

	16 months ended 31 July 2016	*Year ended 31 March 2015*
	£000	*£000*
Legal and professional	747	-
Compensation for loss of office	80	-
	827	-

The legal and professional fees and compensation for loss of office included as exceptional were incurred as a result of the Company's change of ownership during the period.

5. (Loss)/profit on ordinary activities

(Loss)/profit on ordinary activities is stated after charging:

	16 months ended 31 July 2016	*Year ended 31 March 2015*
	£000	*£000*
Auditors remuneration	-	5

The current period audit fees were borne by a fellow group undertaking.

Notes to the financial statements (continued)

at 31 July 2016

6. Staff costs

	16 months ended 31 July 2016	*Year ended 31 March 2015*
	£000	*£000*
Wages and salaries	170	129
Social security costs	6	10
Other pension costs	2	2
	178	141

Other pension costs relate to the Company's contribution to defined contribution pension plans. Total contributions payable in the next financial year are expected to be at rates broadly similar to those in 2015/16 but based on actual salary levels in 2016/17.

Average monthly number of employees in the period

	16 months ended 31 July 2016	*Year ended 31 March 2015*
	No.	*No.*
Production	-	-
Sales and administration	2	2
	2	2

Directors' emoluments

	16 months ended 31 July 2016	*Year ended 31 March 2015*
	£000	*£000*
Emoluments	39	50
Compensation for loss of office	80	-
	119	50

In respect of the highest paid Director

Emoluments	119	50

In addition to the directors remuneration paid as per above five further directors received remuneration from fellow group undertakings in respect of services to the group of which the Company is a member. Total remuneration paid by the enlarged group to these directors of the Company (including pension scheme contributions) was £1,752,000 (2015 – £339,000). It is not possible to identify the proportion of this remuneration that relates to services to this Company.

2 (2015 – Nil) directors exercised share options during the year. Please refer to Note 11 for further details of these share options.

Notes to the financial statements (continued)

at 31 July 2016

7. Income taxes

(a) Income tax recognised in (loss)/ profit for the period:

	16 months ended 31 July 2016 £000	*Year ended 31 March 2015 £000*
Current income tax:		
Group relief receivable	(287)	-
Total current tax credit	(287)	-
Deferred tax:		
Origination and reversal of temporary differences	40	(40)
Total deferred tax charge/(credit)	40	(40)
Net tax credit	(247)	(40)

(b) Reconciliation of total tax

The tax charge for the period differs from the standard rate of UK corporation tax for the period of 20.00% (2015 – 21.00%). The differences are reconciled below:

	16 months ended 31 July 2016 £000	*Year ended 31 March 2015 £000*
(Loss)/profit before tax	(1,019)	219
(Loss)/profit before tax multiplied by the standard rate of corporation tax in the UK of 20.00% (2015 – 21.00%)	(204)	46
Expenses not deductible for tax purposes	115	3
Share scheme deductions	(201)	-
Others	40	-
Unrelieved tax losses	3	(89)
Tax credit reported in the statement of comprehensive income	(247)	(40)

(c) Deferred tax balances

Deferred tax assets arise from the following:

	1 April 2014 £000	*Credited to income £000*	*1 April 2015 £000*	*Charged to income £000*	*31 July 2016 £000*
Temporary differences:					
Temporary differences	-	40	40	(40)	-

The company has unrecognised deferred tax asset of £937,000 (2015: £1,039,000) on trading losses of £5,208,000 (2015: £5,195,000) and £683,000 (2015: £759,000) on capital losses of £3,796,844 (2015: £3,796,844). These are not recognised because recovery is not considered to be reasonably certain.

Notes to the financial statements (continued)

at 31 July 2016

8. Investments

	£000
Cost:	
At 1 April 2014, 2015 and 31 July 2016	8,464
Provision for impairment	
At 1 April 2014, 2015 and 31 July 2016	6,337
Net book value	
At 1 April 2014, 2015 and 31 July 2016	2,127

The investment at 31 July 2016 represents a 100% shareholding in the Companies set out below, all of which are incorporated in England and Wales:

Company	*Country of incorporation*	*Proportion of shares held*	*Nature of business*
direct:			
ET Environmental Limited	England	100%	Commercial air conditioning and heating products
Diffusion Environmental Systems Limited	England	100%	Dormant

Principal shareholdings are of ordinary shares giving rise to complete voting rights in each subsidiary.

9. Other debtors

	31 July 2016	*31 March 2015*	*As at 1 April 2014*
	£000	*£000*	*£000*
Amounts owed from group undertakings	432	254	169
Current tax	-	15	3
Other debtors	-	76	20
	432	345	192

10. Other creditors

	31 July 2016	*31 March 2015*	*As at 1 April 2014*
	£000	*£000*	*£000*
Amounts owed to group undertakings	779	-	-
Other creditors	12	64	58
	791	64	58

11. Share capital

		31 July 2016		*31 March 2015*		*At 1 April 2014*
Allotted, called up and fully paid	*No.*	*£000*	*No.*	*£000*	*No.*	*£000*
Ordinary shares of £0.10 each	2,723,566	272	2,390,516	239	2,390,516	239

On 3 December 2015, 333,050 ordinary shares with aggregate nominal value of £33,305 were allotted at £0.435 each upon the exercise of all share options outstanding at the beginning of the period. Following the exercise, nil share options are outstanding at the period end.

Notes to the financial statements (continued)

at 31 July 2016

12. Dividends paid and proposed

	16 months ended 31 July 2016 £000	Year ended 31 March 2015 £000
Cash dividends on ordinary shares declared and paid:		
Interim dividend for 2016: £nil per share (2015: 1.50 pence per share)	-	36
Proposed dividends on ordinary shares:		
Final dividend for 2016: £nil pence per share (2015: 2.25 pence per share)	-	54

13. Related party transactions

The Company has taken advantage of the exemption available under FRS 101 from the requirements in IAS 24 Related Party Disclosures not to disclose transactions with other wholly owned members of the Volution Group plc group ('the Group'), as 100% of the Company's voting rights are controlled within the Group and Group financial statements in which the Company is included are publicly available.

14. Controlling parties

The Company's immediate parent undertaking is Volution Group plc.

As a result of a change of ownership during the period, the parent undertaking of the largest and smallest group for which consolidated financial statements are drawn up that include the results of the Company is Volution Group plc, a public company incorporated in England and Wales. Copies of the group financial statements of Volution Group plc are available from Fleming Way, Crawley, West Sussex RH10 9YX.

Prior to the acquisition and for the year ended 31 March 2015 the largest and smallest group for which consolidated financial statements were drawn up was Energy Technique Limited (formally Energy Technique plc).

The directors consider the ultimate parent and controlling party of the Company to be Volution Group plc.

15. Transition to FRS 101

For all periods up to and including the year ended 31 March 2015, the Company prepared its financial statements in accordance with previously extant United Kingdom generally accepted accounting practice (UK GAAP). These financial statements, for the period ended 31 July 2016, are the first the Company has prepared in accordance with FRS 101.

Accordingly, the Company has prepared individual financial statements which comply with FRS 101 applicable for periods beginning on or after 1 April 2014 and the significant accounting policies meeting those requirements are described in the relevant notes.

In preparing these financial statements, the Company has started from an opening balance sheet as at 1 April 2014, the Company's date of transition to FRS 101, and made those changes in accounting policies required for the first-time adoption of FRS 101. There were no adjustments made by the Company in restating its balance sheet as at 1 April 2014 and 2015 prepared under previously extant UK GAAP and its previously published UK GAAP financial statements for the year ended 31 March 2014 and 2015.

On transition to FRS 101, the company has applied the requirements of paragraphs 6-33 of IFRS 1 "First time adoption of International Financial Reporting Standards".

Estimates

The estimates at 1 April 2014 and at 31 March 2015 are consistent with those made for the same dates in accordance with UK GAAP (after adjustments to reflect any differences in accounting policies).