idverde UK Limited (formerly idverde Limited)

Annual report and consolidated financial statements

Registered number 06539986

For the year ended 31 December 2016

Contents

Strategic report

The directors present their strategic report together with the audited financial statements for the year ended 31 December 2016.

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

On 17 February 2016, the group completed the acquisition of Pfeiffer Holdings Limited and in particular its subsidiary Quadron Services Limited, one of the leading providers of grounds maintenance services in the sector, which resulted in the formation of the UK's largest provider of grounds maintenance services to both public and private sector clients.

idverde wins the majority of its income by tendering for, and the delivery of, long-term maintenance contracts. It has an enviable record for the quality of its service delivery and consequently for retaining contracts when they come up for extension and renewal. Our collaboration with Quadron has meant that our strategy to expand our presence and offer a truly national service delivered via directly employed colleagues is now a demonstrable quality USP in the market.

idverde has a four point strategy for growth namely:

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

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

idverde delivered strong results for the year with adjusted EBITDA of £9.1 million, 10.8% of turnover *(period ended 31 December 2015: £4.3 million, 9.5% of turnover).*

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

- The award of a long term maintenance contract with Colchester Borough Council to deliver grounds maintenance services commencing April 2016, for an initial period of 7 years and 7 months until October 2023, with an extension option until October 2026.

- South London Waste Partnership (SLWP) contract partnering with the London Boroughs of Merton and Sutton to deliver grounds maintenance, cemetery, sports and event services, commencing February 2017, for an initial period of 8 years until January 2025, with two further 8 year extension periods to January 2041.

Following the new business won in the year, the Group has a forward order book on grounds maintenance of £581 million *(period ended 31 December 2015: £319.6 million)*, including available extension periods totalling £268 million. The bid pipeline remains healthy, with a number of significant tenders in the pipeline for 2017.

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

Strategic report *(continued)*

Key performance indicators ("KPIs")

	Year ended 31 December 2016	Period ended 31 December 2015	Commentary
Turnover £m	**84.3**	44.9	Group turnover increased in the year as a result of the increase from a 9 month to a 12 month period and the acquisition in February 2016 of Pfeiffer Holdings Limited and its subsidiaries
Adjusted EBITDA £m*	**9.1**	4.3	Adjusted EBITDA increased in the year as a result of the increase from a 9 month to a 12 month period and the acquisition of Pfeiffer Holdings and its subsidiaries
Adjusted EBITDA margin %	**10.8**	9.5	Adjusted EBITDA margin % is the ratio of adjusted EBITDA compared to turnover. The ratio for December 2016 showed an increase over prior period as a result of margin improvement across a number of long-term contracts.
Grounds Maintenance order book £m	**581.1**	319.6	The Group has substantially maintained its long term order book, providing solid future revenue generation beyond 2025.

* Adjusted EBITDA is defined as follows:

	Year ended 31 December 2016 £000	Period ended 31 December 2015 £000
Operating profit	**1,649**	2,227
Add back:		
Depreciation	**3,510**	1,512
Non-underlying costs	**2,040**	57
Investors' fees/management charges	**602**	457
Amortisation	**1,294**	-
Adjusted EBITDA	**9,095**	4,253

Strategic report *(continued)*

Financial risk management

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

Price Risk

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

Credit Risk

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

Liquidity Risk

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

Business risk

idverde regularly assesses risks that impact on the business. This includes our processes and procedures in relation to quality and health and safety. idverde has maintained its full accreditation for IS09001, IS014001 and OHSAS18001. As part of our Integrated Management System, idverde conducts regular risk assessments and audits with management committed to improving controls and processes. idverde's Board regularly reviews such risk assessments together with related health and safety matters. All of the key indicators showed an improving trend throughout the period. During the period, idverde continued its training programme for managers to undertake NEBOSH and IOSH training courses. As at the period end one manager held the NEBOSH National Diploma qualification in Occupational Safety and Health and another the iema Associate Certificate in Environmental Management. 15 directors and managers are qualified to NEBOSH certificate level with a programme in 2017 to train a further 13 senior managers. idverde also has a policy of ensuring that every operational manager is qualified to IOSH level and has a continuous training programme to maintain this with new employees and as new mangers join at new contracts. As at 31 December 2016, there were 156 employees who had attained the IOSH Managing Safely qualification during the past five years. Eight managers hold the CITB Site Managers Safety Certificate, with seven Supervisors holding the Site Supervisor's equivalent. In addition, two managers have completed their full manager's qualification for the New Roads and Street-works certificates.

By order of the Board

D J Graham
Chief Executive Officer

28 September 2017

Directors' report

The directors present their report together with the audited financial statements for the year ended 31 December 2016.

Results and dividends

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

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

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

Employment of disabled persons

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

Employee involvement

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

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

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

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

Directors

The directors of the company during the year and changes subsequent to the year end were:

N Temple-Heald	
D J Graham	
H Lancon	FR
E Faivre D'Arcier	FR
S Hughes-Clarke	
R Chapman	(resigned 31 August 2017)
J E Rhodes	(appointed 31 August 2017)

Disclosure of information to auditor

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

Directors' report *(continued)*

Auditor

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

By order of the Board

D J Graham
Chief Executive Officer

Landscapes House
3 Rye Hill Office Park
Birmingham Road
Allesley
Coventry
CV5 9AB

28 September 2017

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

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

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

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent company and of their profit or loss for that period. In preparing each of the Group and parent company financial statements, the directors are required to:

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

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

KPMG

KPMG LLP
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH
United Kingdom

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

We have audited the financial statements of idverde UK Limited (formerly idverde Limited) for the year ended 31 December 2016 set out on pages 9 to 47. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice, including FRS 101 Reduced Disclosure Framework).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2016 and of the group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the EU;
- the parent company financial statements have been properly prepared in accordance with UK Generally Accepted Accounting Practice;
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Strategic report and the Directors' report for the financial year is consistent with the financial statements.

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Strategic report and the Directors' report:

- we have not identified material misstatements in those reports; and
- in our opinion, those reports have been prepared in accordance with the Companies Act 2006.

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

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

28 September 2017

Consolidated Income Statement
for the year ended 31 December 2016

	Note	Year ended 31 December 2016 Underlying	* Non-underlying	Total	Period ended 31 December 2015 Underlying	* Non-underlying	Total
		£000	£000	£000	£000	£000	£000
Turnover	2	**84,335**	**-**	**84,335**	44,899	-	44,899
Cost of sales		**(67,223)**	**-**	**(67,223)**	(39,066)	-	(39,066)
Gross profit		**17,112**	**-**	**17,112**	5,833	-	5,833
Administrative expenses	6	**(13,423)**	**(2,040)**	**(15,463)**	(3,549)	(57)	(3,606)
Operating profit	3,4	**3,689**	**(2,040)**	**1,649**	2,284	(57)	2,227
Finance expenses	7	**(1,562)**	**-**	**(1,562)**	(745)	-	(745)
Profit before taxation		**2,127**	**(2,040)**	**87**	1,539	(57)	1,482
Taxation	8	**(262)**	**51**	**(211)**	449	-	449
(Loss)/profit for the financial period		**1,865**	**(1,989)**	**(124)**	1,988	(57)	1,931

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

The notes on pages 14 to 47 form an integral part of these financial statements

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2016

	Note	**Year ended 31 December 2016 £000**	Period ended 31 December 2015 £000
(Loss)/profit for the period		**(124)**	1,931
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurements of defined benefit liability	*17*	**(2,430)**	113
Income tax on items that will not be reclassified to profit or loss		**415**	(21)
Other comprehensive (loss)/income for the period, net of income tax		**(2,015)**	92
Total comprehensive (loss)/income for the period		**(2,139)**	2,023

Consolidated Balance Sheet
at 31 December 2016

	Note	2016	2015
		£000	£000
Non-current assets			
Property, plant and equipment	*9*	**10,875**	5,919
Intangible assets	*10*	**33,043**	8,172
Deferred tax assets	*12*	**1,712**	568
		45,630	14,659
Current assets			
Inventories	*13*	**152**	149
Trade and other receivables	*14*	**14,938**	10,875
Cash and cash equivalents		**5,293**	5,346
		20,383	16,370
Total assets		**66,013**	31,029
Current liabilities			
Trade and other payables	*15*	**(21,073)**	(11,779)
Other interest-bearing loans and borrowings	*16*	**(2,986)**	(1,460)
		(24,059)	(13,239)
Non-current liabilities			
Other interest-bearing loans and borrowings	*16*	**(19,088)**	(11,355)
Employee benefits	*17*	**(5,787)**	(209)
Provisions		**(4,229)**	-
		(29,104)	(11,564)
Total liabilities		**(53,163)**	(24,803)
Net assets		**12,850**	6,226
Equity attributable to equity holders of the parent			
Share capital	*18*	**16,721**	7,958
Share premium		**15,837**	15,837
Retained earnings		**(19,708)**	(17,569)
Total equity		**12,850**	6,226

The notes on pages 14 to 47 form an integral part of these financial statements

These financial statements were approved by the Board of directors on 28 September 2017 and were signed on its behalf by:

JEJRhodes

J E Rhodes
Director

Company registered number: 6539986

Consolidated Statement of Changes in Equity

	Share capital £000	Share premium £000	Retained earnings £000	Total equity £000
Balance at 1 April 2015	7,958	15,837	(19,592)	4,203
Total comprehensive income for the period				
Profit for the period	-	-	1,931	1,931
Other comprehensive income	-	-	92	92
Total comprehensive income for the period	-	-	2,023	2,023
Balance at 31 December 2015	7,958	15,837	(17,569)	6,226
Balance at 1 January 2016	7,958	15,837	(17,569)	6,226
Total comprehensive income for the period				
Loss for the year	-	-	(124)	(124)
Other comprehensive income	-	-	(2,015)	(2,015)
Total comprehensive income for the year	-	-	(2,139)	(2,139)
Shares issued	8,763	-	-	8,763
Balance at 31 December 2016	**16,721**	**15,837**	**(19,708)**	**12,850**

Consolidated Cash Flow Statement
for year ended 31 December 2016

	Note	Year ended 31 December 2016 £000	Period ended 31 December 2015 £000
Cash flows from operating activities			
(Loss)/profit for the period		**(124)**	1,931
Adjustments for:			
Depreciation of property, plant and equipment	*4*	**3,510**	1,512
Financial expense	*7*	**1,562**	745
Gain on sale of property, plant and equipment	*4*	**(33)**	(50)
Amortisation		**1,294**	-
		6,209	4,138
Increase in trade and other receivables	*14*	**(620)**	(573)
Increase/(decrease) in inventories	*13*	**18**	(39)
Increase in trade and other payables	*15*	**3,118**	713
Decrease/(increase) in employee benefits	*17*	**3**	(25)
		8,728	4,214
Interest paid		**(900)**	(93)
Tax paid		**(533)**	(478)
Net cash from operating activities		**7,295**	3,643
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		**138**	115
Acquisition of property, plant and equipment		**(1,373)**	(1,493)
Acquisition of subsidiary		**(17,662)**	-
Net cash from investing activities		**(18,897)**	(1,378)
Cash flows from financing activities			
Proceeds from the issue of share capital		**8,763**	-
Proceeds from new loan	*16*	**8,936**	-
Interest on borrowings	*16*	**-**	(185)
Payment of finance lease liabilities	*16*	**(2,201)**	(901)
Loans repaid		**(3,949)**	-
Net cash from financing activities		**11,549**	(1,086)
Net (decrease)/increase in cash and cash equivalents		**(53)**	1,179
Cash and cash equivalents at start of period		**5,346**	4,167
Cash and cash equivalents at end of period		**5,293**	5,346

The notes on pages 14 to 47 form an integral part of these financial statements

Notes
(forming part of the financial statements)

1 Accounting policies

idverde UK Limited (formerly idverde Limited) (the "Company") is a private company incorporated, domiciled and registered in England in the UK. The registered number is 6539986 and the registered address is Landscapes House, 3 Rye Hill Office Park, Birmingham Road, Allesley, Coventry CV5 9AB.

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

The Group financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"). The Company has elected to prepare its parent company financial statements in accordance with FRS 101; these are presented on pages 42 to 47.

The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these Group financial statements.

1.1 Measurement convention

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

1.2 Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on pages 1 to 3. The financial position of the Group is set out in the Consolidated Balance Sheet on page 11 and its cash flows in the Consolidated Cash Flow Statement on page 13. Details of the Group's borrowings and financial instruments are set out in note 16 on page 31 and in note 19 on page 38.

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

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

1.3 Basis of consolidation

Subsidiaries

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

Transactions eliminated on consolidation

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

Notes *(continued)*

1 Accounting policies *(continued)*

1.4 Revenue

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

1.5 Non-derivative financial instruments

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

Trade and other receivables

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

Trade and other payables

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

Cash and cash equivalents

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

Interest-bearing borrowings

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

1.6 Property, plant and equipment

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

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

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

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

- Freehold property 2% to 10% straight line
- Leasehold property evenly over term of lease
- Plant and machinery 8% - 100% straight line
- Motor vehicles 10% - 33% straight line
- Office equipment 10% - 33% straight line

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

Notes *(continued)*

1 Accounting policies *(continued)*

1.7 Intangible assets and goodwill

Goodwill

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

Other intangible assets

Expenditure on internally generated goodwill and brands is recognised in the income statement as an expense as incurred.

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation and accumulated impairment losses.

Amortisation

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life and goodwill are systematically tested for impairment at each balance sheet date. Other intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

- Customer contracts 8 years

1.8 Business combinations

All business combinations are accounted for by applying the acquisition method. Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

On a transaction-by-transaction basis, the Group elects to measure non-controlling interests, which have both present ownership interests and are entitled to a proportionate share of net assets of the acquiree in the event of liquidation, either at its fair value or at its proportionate interest in the recognised amount of the identifiable net assets of the acquiree at the acquisition date. All other non-controlling interests are measured at their fair value at the acquisition date.

Notes *(continued)*

1 Accounting policies *(continued)*

1.9 Inventories

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

1.10 Impairment excluding inventories and deferred tax assets

Financial assets (including receivables)

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

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

Non-financial assets

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

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

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

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

Notes *(continued)*

1 Accounting policies *(continued)*

1.11 Employee benefits

Defined contribution plans

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

Defined benefit plans

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

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

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

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

1.12 Expenses

Operating lease payments

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

Finance lease payments

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

Financing income and expenses

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

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

Notes *(continued)*

1 Accounting policies *(continued)*

1.13 Taxation

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

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

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

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

1.14 New standards and interpretations – in issue but not yet effective

At the date of authorisation of these financial statements, certain new standards, and amendments to existing standards have been published by the IASB that are not yet effective, and have not been adopted early by the Group. Information on those expected to be relevant to the Group's financial statements is provided below.

Management anticipates that all relevant pronouncements will be adopted in the Group's accounting policies for the first period beginning after the effective date of the pronouncement.

IFRS 9 'Financial Instruments' (2015)

The IASB recently released IFRS 9 'Financial Instruments' (2015), representing the completion of its project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. The new standard introduces extensive changes to IAS 39's guidance on the classification and measurement of financial assets and introduces a new 'expected credit loss' model for the impairment of financial assets. IFRS 9 also provides new guidance on the application of hedge accounting.

IFRS 9 is effective for reporting periods beginning on or after 1 January 2018. The Group's management have not yet assessed the impact of IFRS 9 on the consolidated financial statements.

IFRS 15 'Revenue from Contracts with Customers'

IFRS 15 presents new requirements for the recognition of revenue, replacing IAS 18 'Revenue', IAS 11 'Construction Contracts', and several revenue-related Interpretations. The new standard establishes a control- based revenue recognition model and provides additional guidance in many areas not covered in detail under existing IFRSs, including how to account for arrangements with multiple performance obligations, variable pricing, customer refund rights, supplier repurchase options, and other common complexities.

IFRS 15 is effective for reporting periods beginning on or after 1 January 2018. The Group's management have not yet assessed the impact of IFRS 15 on the consolidated financial statements.

IFRS 16 'Leases'

IFRS 16 introduces significant changes to accounting leases including a general move towards more leases being classified as finance leases, and fewer being classified as operating leases.

IFRS 16 is effective for accounting period commencing on or after 1 January 2019. The Group's management have not yet assessed the impact of IFRS 15 on the consolidated financial statements.

Notes *(continued)*

1 Accounting policies *(continued)*

1.15 Significant accounting estimates and judgements

The preparation of financial statement in conformity with IFRS requires the management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses.

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. The nature of the Group's business is such that there can be unpredictable variation and uncertainty regarding its business. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Significant management judgements

The judgements that have a significant impact on the carrying value of assets and liabilities are discussed below:

Consolidation

Management have concluded that is not appropriate to utilise the exemption from consolidation available to investment entities under IFRS10 as it is not considered to meet all of the essential elements of the definition of an investment entity as performance is not measured or evaluated on a fair value basis. Accordingly the consolidation includes all entities which the Company controls.

Current asset investments

Declines in the fair value of current asset investments are considered for indicators of impairment. Where the decline in value is significant or prolonged the asset may be considered to be impaired with the resulting impairment losses recognised in the income statement. Short term and insignificant declines in fair value that are considered to be temporary are reflected in other comprehensive income.

Significant estimates

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Receivables

Due to the nature of some services provided by certain businesses within the Group the recoverability of receivables can be subject to management estimates. Management estimation is required in measuring and recognising provisions and otherwise determining the exposure to unrecoverable debts. Sensitivity is limited through the Group's credit control procedures and the overall high quality of the Group's customer base, although it is acknowledged that some customer concentration can mean that adjustments could be material

- Useful lives of depreciable assets
- The depreciation charge for an asset is derived using estimates of its expected useful life and expected
- residual value, which are reviewed annually. Increasing an asset's expected life or residual value would result
- in a reduced depreciation charge in the consolidated income statement.

Management determines the useful lives and residual values for assets when they are acquired, based on experience with similar assets and taking into account other relevant factors such as any expected changes in technology or regulations.

Notes *(continued)*

1 Accounting policies *(continued)*

1.15 Significant accounting estimates and judgements (continued)

Inventories

In determining the cost of inventories management have to make estimates to arrive at cost and net realisable value. Furthermore, determining the net realisable value of the wider range of products field requires judgement to be applied to determine the saleability of the product and estimations of the potential price that can be achieved. In arriving at any provisions for net realisable value management take into account the age, condition and quality of the product stocked and the recent sales trend. The future realisation of these inventories may be affected by market-driven changes that may reduce future selling prices.

Business combinations

When the Group completes a business combination, the fair values of the identifiable assets and liabilities acquired are recognised. The determination of the fair values of acquired assets and liabilities is based, to a considerable extent, on management estimations. If the purchase consideration exceeds the fair value of the net assets acquired then the incremental amount paid is recognised as goodwill. If the purchase price consideration is lower than the fair value of the assets acquired then the difference is recorded as a gain in the income statement.

Fair value measurement

Management uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible but this is not always available. In that case management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

Deferred tax asset

The Group recognises a deferred tax asset in respect of temporary differences relating to capital allowances, revenue losses and other short term temporary differences when it considers there is sufficient evidence that the asset will be recovered against future taxable profits.

This requires management to make decisions on such deferred tax assets based on future forecasts of taxable profits. If these forecast profits do not materialise, or there is a change in the tax rates or to the period over which temporary timing differences might be recognised, the value of the deferred tax asset will need to be revised in a future period.

The most sensitive area of estimation risk is with respect to losses. The Group has losses for which no value has been recognised for deferred tax purposes in these financial statements, as future economic benefit of these temporary differences is not probable. If appropriate profits are earned in the future, recognition of the benefit of these losses may result in a reduced tax charge in a future period.

2 Revenue

	Year ended 31 December 2016 £000	Period ended 31 December 2015 £000
Grounds maintenance	**75,405**	37,759
Landscape construction	**8,930**	7,140
	84,335	44,899

Turnover arises solely within the United Kingdom.

Notes *(continued)*

3 Acquisitions of subsidiaries

Acquisitions in the current period

On 17 February 2016, the Group acquired all of the ordinary shares in Pfeiffer Holdings Limited for £18,108,000, satisfied by a combination of cash and shares in group companies. The company is a leading provider of specialist clean and green services, delivering grounds management, arboriculture, and cleansing. This strategic acquisition provides the group with a compelling diversity of service provision to its Local Authority clients and private commercial clients who require national coverage to service their assets with skilled directly employed idverde colleagues. In the 10 months to 31 December 2016 the subsidiary contributed net profit of £1,300,000 to the consolidated net profit for the year. If the acquisition had occurred on 1 January 2016, Group revenue would have been an estimated £89,400,000 and net profit would have been an estimated £1,800,000. In determining these amounts, management has assumed that the fair value adjustments that arose on the date of acquisition would have been the same if the acquisition occurred on 1 January 2016.

Effect of acquisition

The acquisition had the following effect on the Group's assets and liabilities.

	Recognised values on acquisition £000
Acquiree's net assets at the acquisition date:	
Intangible assets	**6,148**
Property, plant and equipment	**4,696**
Inventories	**21**
Trade and other receivables	**4,667**
Cash and cash equivalents	**446**
Deferred tax	**411**
Trade and other payables	**(10,932)**
Pension liabilities	**(3,137)**
Other provisions	**(4,229)**
Net identifiable assets and liabilities	**(1,909)**
Consideration paid:	
Initial cash consideration relating to business combination	**15,818**
Contingent consideration at fair value	**800**
Deferred consideration at fair value	**1,440**
Other consideration	**50**
Total consideration	**18,108**
Goodwill arising on acquisition	**20,017**

The recognition of goodwill is underpinned by the extensive forward order book in place for Pfeiffer at the time of the acquisition.

Contingent consideration

The group has agreed to pay the vendors additional consideration of up to £500,000 if the actuarial valuation for the Defined Benefit Pension Scheme evidences that the deficit is between £4,500,000 and £5,000,000. The group has included £500,000 as contingent consideration related to the additional consideration, which represents its fair value at the acquisition date.

Notes *(continued)*

3 Acquisitions of subsidiaries *(continued)*

Fair values determined on a provisional basis

As the acquisition is more than 12 months prior to the authorised for issuance date of the financial statements, all of the fair values are now confirmed.

The group incurred acquisition related costs of £2,040,000 related to bank finance fees, the cost of due diligence and legal expenses. These costs have been included in non-underlying administrative expenses in the group's consolidated statement of comprehensive income.

Acquired receivables

There is no difference between the gross contractual value and fair value of acquired receivables.

4 Expenses and auditors' remuneration

Included in profit/(loss) are the following:

	Year ended 31 December 2016 £000	Period ended 31 December 2015 £000
Amortisation on other intangible assets	**1,294**	-
Depreciation of property, plant and equipment	**3,510**	1,512
Profit on sale of property, plant and equipment	**(33)**	(50)
Operating lease rentals:		
Plant and machinery	**2,450**	1,417
Other assets	**906**	440

Auditor's remuneration:

	Year ended 31 December 2016 £000	Period ended 31 December 2015 £000
Audit of these financial statements	**36**	36
Amounts receivable by the company's auditor and its associates in respect of:		
Audit of financial statements of subsidiaries of the company	**50**	15
Taxation compliance services	**65**	14
All other services	**157**	6

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

Notes *(continued)*

5 Staff numbers and costs

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

	Number of employees	
	Year ended 31 December 2016	Period ended 31 December 2015
Administrative staff	**104**	68
Field operational including managers	**1,840**	1,172
Executive and non-executive directors	**4**	3
	1,948	1,243

The aggregate payroll costs of these persons were as follows:

	£000	£000
Wages and salaries	**37,955**	19,046
Social security costs	**3,073**	1,426
Contributions to defined contribution plans	**324**	415
Expenses related to defined benefit plans	**1,110**	127
	42,462	21,014

Remuneration of directors

	Year ended 31 December 2016 £000	Period ended 31 December 2015 £000
Directors' remuneration	**699**	450
Company contributions to defined contribution pension plan	**16**	12

The aggregate of remuneration and amounts receivable under long term incentive schemes of the highest paid director was £225,0000 *(period ended 31 December 2015: £176,000)*, and Company pension contributions of £9,000 *(period ended 31 December 2015: £7,000)* were made to a defined contribution pension plan on his behalf.

	Number of directors	
	Year ended 31 December 2016	Period ended 31 December 2015
Retirement benefits are accruing to the following number of directors under:		
Money purchase schemes	**3**	3

6 Non-underlying items

In the year ended 31 December 2016, the Group incurred £2,040,000 *(period ended 31 December 2015: £57,000)* of costs relating to the acquisition of Pfeiffer Holdings Limited and its subsidiaries.

Notes *(continued)*

7 Finance expenses

	Year ended 31 December 2016 £000	Period ended 31 December 2015 £000
Finance expense		
Loans and other financial expenses	**1,554**	738
Net interest on defined benefit plan obligation	**8**	7
Finance expense	**1,562**	745

8 Taxation

Recognised in the income statement

	Year ended 31 December 2016 £000	Period ended 31 December 2015 £000
Current tax expense		
UK corporation tax	**569**	140
Adjustments in respect of prior years	**(40)**	-
Current tax expense	**529**	140
Deferred tax expense		
Origination and reversal of temporary differences	**(261)**	-
Recognition of previously unrecognised tax losses	**-**	(589)
Rate change	**67**	-
Adjustments in respect of prior periods	**(124)**	-
Deferred tax credit	**(318)**	(589)
Total tax charge/(credit)	**211**	(449)

Notes *(continued)*

8 Taxation *(continued)*

Reconciliation of effective tax rate

	Year ended 31 December 2016 £000	Period ended 31 December 2015 £000
(Loss)/profit for the period	**(124)**	1,931
Total tax charge/(credit)	**211**	(449)
Profit excluding taxation	**87**	1,482
Corporation tax at 20% *(period ended 31 December 2015: 20.25%)*	**17**	296
Fixed assets differences	**17**	11
Effect of change in tax rate	**83**	53
Expenses not deductible for tax purposes	**257**	55
Transitional adjustments	**-**	(131)
Other tax adjustments, reliefs and transfers	**1**	(344)
Recognition of deferred tax asset	**-**	(389)
Adjustments to tax charge in respect of prior periods	**(164)**	-
Total tax charge/(credit)	**211**	(449)

A reduction in the UK corporation tax rate from 21% to 20% (effective from 1 April 2015) was substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly. The deferred tax asset at 31 December 2016 has been calculated based on these rates.

Notes *(continued)*

9 Property, plant and equipment

	Freehold land and buildings £000	Leasehold land and buildings £000	Plant and equipment £000	Fixtures & fittings £000	Motor vehicles £000	Total £000
Cost						
Balance at 1 April 2015	168	284	11,229	973	1,436	14,090
Additions	-	170	1,815	245	72	2,302
Disposals	-	(22)	(665)	(20)	(267)	(974)
Balance at 31 December 2015	168	432	12,379	1,198	1,241	15,418
Balance at 1 January 2016	168	432	12,379	1,198	1,241	15,418
Additions	-	136	2,813	211	716	3,876
Disposals	-	(13)	(2,059)	(183)	(1,172)	(3,427)
Acquired	-	-	9,149	661	6,315	16,125
Balance at 31 December 2016	168	555	22,282	1,887	7,100	31,992
Depreciation and impairment						
Balance at 1 April 2015	23	107	7,421	449	896	8,896
Depreciation charge for the period	3	37	1,194	135	143	1,512
Disposals	-	(22)	(650)	(19)	(218)	(909)
Balance at 31 December 2015	26	122	7,965	565	821	9,499
Balance at 1 January 2016	26	122	7,965	565	821	9,499
Depreciation charge for the period	4	79	2,522	330	575	3,510
Disposals	-	(13)	(2,036)	(144)	(1,127)	(3,320)
Acquired	-	-	6,559	511	4,358	11,428
Balance at 31 December 2016	30	188	15,010	1,262	4,627	21,117
Net book value						
At 31 March 2015 and 1 April 2015	145	177	3,808	524	540	5,194
At 31 December 2015	142	310	4,414	633	420	5,919
At 31 December 2016	**138**	**367**	**7,272**	**625**	**2,473**	**10,875**

At 31 December 2016, the net carrying amount of leased plant and machinery and motor vehicles was £7,485,000 *(period ended 31 December 2015: £3,166,000)*. The related depreciation charge on these assets for the period was £1,934,000 (*period ended 31 December 2015: £786,000*). The leased equipment and motor vehicles secures leased obligations (see note 16).

Notes (continued)

10 Intangible assets

	Customer contracts £000	Goodwill £000	Total £000
Cost			
Balance at 1 January 2016	-	15,325	15,325
Acquisitions through business combinations	6,148	20,017	26,165
Balance at 31 December 2016	6,148	35,342	41,490
Amortisation and impairment			
Balance at 1 January 2016	-	7,153	7,153
Amortisation for the year	1,294	-	1,294
Balance at 31 December 2016	1,294	7,153	8,447
Net book value			
At 31 December 2015	-	8,172	8,172
At 31 December 2016	**4,854**	**28,189**	**33,043**

Impairment

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

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

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

Key assumptions

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

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

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

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

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

Notes *(continued)*

11 Investments in subsidiaries

The Company has the following investments in subsidiaries:

Company	Country of incorporation	Principal activity	Proportion of shares held %	Class of shares held
idverde Holdings Limited	England and Wales	Holding company	100	Ordinary
Banyards Limited *	England and Wales	Dormant	100	Ordinary
Western Landscapes Limited *	England and Wales	Dormant	100	Ordinary
idverde Limited (formerly The Landscape Group Limited) **	England and Wales	Grounds maintenance and landscape construction projects	100	Ordinary
English Landscapes Maintenance Limited *	England and Wales	Dormant	100	Ordinary
English Landscapes Limited *	England and Wales	Dormant		
English Woodlands Limited *	England and Wales	Dormant	100	Ordinary
Pfeiffer Holdings Limited **	England and Wales	Dormant	100	Ordinary
Pfeiffer Limited **	England and Wales	Dissolved on 12 September 2017	100	Ordinary
Quadron Services Limited **	England and Wales	Grounds maintenance	100	Ordinary
Blythe Valley Limited ***	England and Wales	Arboriculture	100	Ordinary

* owned by idverde Limited (formerly The Landscape Group Limited)
** owned by idverde Holdings Limited (formerly Hare Bidco Limited)
*** owned by Quadron Services Limited

The registered office for all these companies is Landscapes House, 3 Rye Hill Office Park, Birmingham Road, Allesley, Coventry CV5 9AB.

12 Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities	
	2016	2015	**2016**	2015
	£000	£000	**£000**	£000
Intangible assets	**922**	-	-	-
Tangible fixed assets	**(826)**	(578)	-	-
Short term provisions	**(1,573)**	(11)	-	-
Employee benefits	**(235)**	21	-	-
Tax assets	**(1,712)**	(568)	-	-
Net of tax liabilities	-	-	-	-
Net tax assets	**(1,712)**	(568)	-	-

Notes *(continued)*

12 Deferred tax assets and liabilities *(continued)*

Movement in deferred tax during the year

	1 January 2016 £000	Recognised in income £000	Recognised in equity £000	Acquired in business combination £000	**31 December 2016 £000**
Intangible assets	-	(246)		1,168	**922**
Tangible fixed assets	(578)	(74)	-	(174)	**(826)**
Short term provisions	(11)	(1,256)	-	(306)	**(1,573)**
Employee benefits	21	1,258	(415)	(1,099)	**(235)**
	(568)	(318)	(415)	(411)	**(1,712)**

Movement in deferred tax during the prior period

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

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

13 Inventories

	2016 £000	2015 £000
Raw materials and consumables	**152**	149

Raw materials, consumables recognised as cost of sales in the period amounted to £4,650,000 *(2015: £3,386,000)*.

14 Trade and other receivables

	2016 £000	2015 £000
Receivables due from parent undertaking	**1,220**	1,173
Trade receivables	**8,350**	6,247
Amounts recoverable on contracts	**1,220**	298
Other receivables	**133**	203
Corporation tax	**51**	7
Prepayments and accrued income	**3,964**	2,947
	14,938	10,875

Notes *(continued)*

15 Trade and other payables

	2016 £000	2015 £000
Trade creditors	**3,995**	2,820
Amounts owed to group undertakings	**75**	-
Taxation and social security	**2,634**	1,843
Other trade payables	**234**	967
Non-trade payables and accrued expenses and deferred income	**12,937**	6,149
Provisions	**1,198**	-
	21,073	11,779

16 Other interest-bearing loans and borrowings

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortised cost. For more information about the Group's exposure to interest rate and foreign currency risk, see note 19.

	2016 £000	2015 £000
Current liabilities		
Parent company loan	**479**	468
Interest on loans	**178**	86
Finance lease liabilities	**2,329**	906
	2,986	1,460
Non-current liabilities		
Loan notes	**4,212**	3,660
Interest bearing loans	**11,737**	6,750
Finance lease liabilities	**3,139**	945
	19,088	11,355

Finance lease liabilities

Finance lease liabilities are payable as follows:

	2016			**2015**		
	Minimum lease payments £000	**Interest £000**	**Principal £000**	**Minimum lease payments** £000	**Interest** £000	**Principal** £000
Less than one year	**2,465**	**136**	**2,329**	987	81	906
Between one and five years	**3,371**	**232**	**3,139**	634	30	604
More than five years	**-**	**-**	**-**	353	12	341
	5,836	**368**	**5,468**	1,974	123	1,851

Notes *(continued)*

17 Employee benefits

Defined benefit plan – idverde

The Group sponsors the Federated Pension Plan (FPP) which is a funded defined benefit arrangement. This is a separate trustee administered fund holding the pension plan assets to meet long term pension liabilities for 18 active members, 15 deferred members and 18 pensioner members as at 5 April 2016. The level of retirement benefit is principally based on salary earned in the last three years of employment prior to leaving active service and is linked to changes in inflation up to retirement.

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

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

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

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

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

A full actuarial valuation was carried out as at 5 April 2016 in accordance with the scheme funding requirements of the Pensions Act 2004 and the funding of the plan is agreed between the Group and the trustees in line with those requirements. These in particular require the surplus/deficit to be calculated using prudent, as opposed to best estimate actuarial assumptions.

The position of the Plan based on financial assumptions as at 16 June 2017 revealed a funding shortfall of £351,000. The Group has agreed with the trustees that it will aim to eliminate the deficit over a period of 10 years from 5 April 2014 by the payment of annual contributions of £46,000 in respect of the deficit. In addition and in accordance with the actuarial valuation, the Group has agreed with the trustees that it will pay 48.1% of pensionable earnings less member contributions in respect of the cost of accruing benefits and management and administration expenses. The Group will meet Insurance premiums for death in service premiums and levies to the Pension Protection Fund In addition.

For the purposes of IAS19, the actuarial valuation as at 5 April 2016, which was carried out by a qualified independent actuary, has been updated on an approximate basis to 31 December 2016. There have been no changes in the valuation methodology adopted for this period's disclosures compared to the previous period's disclosures.

Notes *(continued)*

17 Employee benefits *(continued)*

Defined benefit plan – Quadron Services Limited

The company operates a defined contribution pension scheme for certain employees and, for eligible employees, a scheme providing benefits based on final pensionable pay. The assets of the pension schemes are held separately from those of the company, being invested by an independent investment manager.

The company's final salary pension scheme is now closed to new entrants. The total contributions for schemes for the period ended to 31 December 2016 were £684,000. The group expects to continue to contribute to the schemes at similar levels next year. Outstanding contributions payable to the fund at the balance sheet date were £Nil.

The company sponsors the plan which is a funded defined benefit arrangement. This is a separate trustee administered fund holding the pension plan assets to meet long term pension liabilities for some 227 past and 175 pensioners at 5 April 2016. The level of retirement benefit is principally based on salary earned in the last three years of employment prior to leaving active service and is linked to changes in inflation up to retirement.

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

The trustees of the plan are required to act in the best interest of the plan's beneficiaries. The appointment of the trustees is determined by the plan's trust documentation.

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

A full actuarial valuation was carried out as at 5 April 2016 in accordance with the scheme funding requirements of the Pensions Act 2004 and the funding of the plan is agreed between the Group and the trustees in line with those requirements. These in particular require the surplus/deficit to be calculated using prudent, as opposed to best estimate, actuarial assumptions.

This actuarial valuation showed a deficit of £5,181,000. The Trustee and the Employers have agreed a recovery plan in order to eliminate the deficit. Under the agreed plan, the Employers will pay £250,000 in the year ending 5 April 2017, then increase their contributions to an initial rate £325,000 per annum with effect from 6 April 2017, increasing by 3% each 6 April thereafter. These contributions shall be payable until 5 July 2029.

Contributions to the defined benefit scheme are determined by a qualified actuary using the projected unit method. The full actuarial valuation for the scheme as a whole as at 5 April 2016 was updated to 31 December 2016 by a qualified actuary and showed that the market value of the scheme's assets was £16.4 million and that the value of these assets represented 76% of the benefits that had accrued to members. The deficit is being reduced through additional contributions from the company.

For the purposes of IAS19 the actuarial valuation as at 5 April 2016, which was carried out by a qualified Independent actuary, has been updated on an approximate basis to 31 December 2016. There have been no changes in the valuation methodology adopted for this year's disclosures compared to the previous year's disclosures except that mortality assumptions have been updated to the latest available data.

Notes *(continued)*

17 Employee benefits *(continued)*

Amounts included in the statement of financial position

	idverde		Quadron Services Limited		Total	
	2016	2015	**2016**	2015	**2016**	2015
	£000	£000	**£000**	£000	**£000**	£000
Fair value of plan assets	**2,088**	1,725	**16,375**	-	**18,463**	1,725
Present value of defined benefit obligation	**(2,667)**	(1,934)	**(21,583)**	-	**(24,250)**	(1,934)
Net obligation	**(579)**	(209)	**(5,208)**	-	**(5,787)**	(209)
	(579)	(209)	**(5,208)**	-	**(5,787)**	(209)

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

	idverde		Quadron Services Limited		Total	
	2016	2015	**2016**	2015	**2016**	2015
	£000	£000	**£000**	£000	**£000**	£000
Defined benefit obligation at beginning of year	**1,934**	1,971	**-**	-	**1,934**	1,971
Defined benefit obligation acquired	**-**	-	**17,726**	-	**17,726**	-
Current service cost	**127**	127	**-**	-	**127**	127
Expenses	**40**	25	**-**	-	**40**	25
Interest expense	**76**	48	**471**	-	**547**	48
Contributions by plan participants	**21**	17	**-**	-	**21**	17
Actuarial gains due to scheme experience	**(20)**	(13)	**-**	-	**(20)**	(13)
Actuarial gains/(losses) due to changes in financial assumptions	**547**	(182)	**3,798**	-	**4,345**	(182)
Benefits paid, death in service premiums and expenses	**(58)**	(59)	**(412)**	-	**(470)**	(59)
Present value of defined benefit obligation at end of year	**2,667**	1,934	**21,583**	-	**24,250**	1,934

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

Notes *(continued)*

17 Employee benefits *(continued)*

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

	idverde		Quadron Services Limited		Total	
	2016	2015	**2016**	2015	**2016**	2015
	£000	£000	**£000**	£000	**£000**	£000
Fair value of plan assets at beginning of year	**1,725**	1,630	**-**	-	**1,725**	1,630
Fair value of plan assets acquired	**-**	-	**14,323**	-	**14,323**	-
Interest income	**68**	41	**381**	-	**449**	41
Return on plan assets (excluding amounts included in interest income)	**190**	(82)	**1,971**	-	**2,161**	(82)
Contributions by the Group	**142**	178	**188**	-	**330**	178
Contributions by plan participants	**21**	17	**-**	-	**21**	17
Benefits paid, death in service premiums and expenses	**(58)**	(59)	**(488)**	-	**(546)**	(59)
Fair value of plan assets at end of year	**2,088**	1,725	**16,375**	-	**18,463**	1,725

The actual return on the plan assets over the year ended 31 December 2016 was £258,000 *(period ended 31 December 2015: £41,000)* for idverde and £2,352,000 for Quadron Services Limited.

Defined benefit costs recognised in profit or loss

	idverde		Quadron Services Limited		Total	
	2016	2015	**2016**	2015	**2016**	2015
	£000	£000	**£000**	£000	**£000**	£000
Current service cost	**127**	127	**-**	-	**127**	127
Expenses	**40**	25	**76**	-	**116**	25
Net interest cost	**8**	7	**90**	-	**98**	7
Defined benefit costs recognised in profit or loss	**175**	159	**166**	-	**341**	159

Defined benefit costs recognised in other comprehensive income

	idverde		Quadron Services Limited		Total	
	2016	2015	**2016**	2015	**2016**	2015
	£000	£000	**£000**	£000	**£000**	£000
Return on plan assets (excluding amounts included in net interest cost)	**190**	(82)	**1,971**	-	**2,161**	(82)
Experience gains and losses arising on the defined benefit obligation gain/(loss)	**20**	13	**-**	-	**20**	13
Effect of changes in the financial assumptions underlying the present value of the defined benefit obligation gain/(loss)	**(547)**	182	**(3,798)**	-	**(4,345)**	182
Total amount recognised in other comprehensive income gain/(loss)	**(337)**	113	**(1,827)**	-	**(2,164)**	113

Notes *(continued)*

17 Employee benefits *(continued)*

Assets

	idverde		Quadron Services Limited		Total	
	2016	2015	**2016**	2015	**2016**	2015
	£000	£000	**£000**	£000	**£000**	£000
Equity	**807**	568	**9,307**	-	**10,114**	568
Bonds	**403**	270	**-**	-	**403**	270
Divested growth fund	**-**	-	**6,724**	-	**6,724**	-
Insurance policy	**868**	875	**270**	-	**1,138**	875
Cash	**10**	12	**74**	-	**84**	12
	2,088	1,725	**16,375**	-	**18,463**	1,725

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

It is the policy of the trustees and the Group to review the investment strategy at the time of each funding valuation. The Trustee's investment objectives and the processes undertaken to measure and manage the risks inherent in the plan investment strategy are illustrated by the asset allocation as at 31 December 2016.

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

Significant actuarial assumptions

	idverde		Quadron Services Limited	
	2016	2015	**2016**	2015
	£000	£000	**£000**	£000
Discount rate	**2.70**	3.80	**2.85**	-
Inflation (RPI)	**3.35**	3.15	**3.45**	-
Inflation (CPI)	**2.35**	2.15	**2.45**	-
Salary growth	**3.00**	3.00	**-**	-
Allowance for revaluation of deferred pensions of RPI	**3.35**	3.15	**-**	-
Allowance for revaluation of deferred pensions of CPI	**2.35**	2.15	**-**	-
Allowance for pension in payment increase of RPI	**3.35**	3.15	**3.35**	-
Allowance for pension in payment increase of CPI	**2.35**	2.15	**2.20**	-
Allowance for commutation of pension for cash at retirement	**100% of post a day**	100% of post a day	**100% of post a day**	-

Notes *(continued)*

17 Employee benefits *(continued)*

The mortality assumptions adopted at 31 December 2016 are 100% of the standard tables S1PxA (idverde) and S2PxA (Quadron Services Limited), Year of Birth, no age rating for males and females, projected using CMI_2012 (idverde) and CMI_2015 (Quadron Services Limited) converging to 1.50% pa (idverde) and 1.25% pa (Quadron Services Limited). These imply the following life expectancies:

	idverde Life expectancy at age 65 Years	Quadron Services Limited Life expectancy at age 65 Years
Male retiring in 2016	22.9	22.2
Female retiring in 2016	25.3	24.2
Male retiring in 2036	25.2	23.9
Female retiring in 2036	27.7	26.1

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

idverde

	Change in assumption	Change in liabilities
Discount rate	Decrease of 0.25% pa	Increase by 5.0%
Rate of inflation	Increase of 0.25% pa	Increase by 4.9%
Rate of salary growth	Increase of 0.25% pa	Increase by 1.1%
Rate of mortality	Increase in life expectancy of 1 year	Increase by 2.0%

Quadron Services Limited

	Change in assumption	Change in liabilities
Discount rate	Decrease of 0.25% pa	Increase by 4.7%
Rate of inflation	Increase of 0.25% pa	Increase by 3.6%
Rate of mortality	Increase of 0.5% pa	Increase by 2.9%

The sensitivities shown above are approximate. Each sensitivity considers one change in isolation. The inflation sensitivity includes the impact of changes to the assumptions for revaluation, pension increases and salary growth. The average duration of the defined benefit obligation at the period ended 31 December 2016 is 20 years for idverde and 19 years for Quadron Services Limited.

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

The best estimate of contributions to be paid by the Group to the plan for the period commencing 1 January 2017 is £169,000.

Notes *(continued)*

18 Capital and reserves

Share capital

	2016 £000	2015 £000
Allotted, called up and fully paid		
1,672,094,000 *(2015: 795,750,000)* ordinary shares of £0.01 each	**16,721**	7,958
Shares classified in shareholders' funds	**16,721**	7,958

During the year the company issued 876,344,000 shares of £0.01 each for consideration of £8,763,000.

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

19 Financial instruments

(a) Credit risk

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

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

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

	2016 £000	2015 £000
Trade and other receivables	**14,938**	10,875
Cash and cash equivalents	**5,293**	5,346
	20,231	16,221

Credit quality of financial assets and impairment losses

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

	2016 Gross £000	Net of impairment £000	2015 Gross £000	Net of impairment £000
Not past due	**6,040**	**6,040**	5,540	5,540
Past due 0-30 days	**479**	**479**	134	134
Past due 31-120 days	**1,157**	**1,157**	423	423
More than 120 days	**1,084**	**674**	450	150
	8,760	**8,350**	6,547	6,247

All other receivables are not past due *(period ended 31 December 2015: not past due)*.

Notes *(continued)*

19 Financial instruments *(continued)*

***(a) Credit risk** (continued)*

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

	2016 £000	2015 £000
Opening balance	**300**	265
Amounts provided	**110**	62
Amounts utilised	**-**	(27)
Closing balance	**410**	300

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

(b) Liquidity risk

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

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

Notes *(continued)*

19 Financial instruments *(continued)*

(b) Liquidity risk *(continued)*

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

	2016						2015					
	Carrying amount £000	**Contract-ual cash flows £000**	**1 year or less £000**	**1 to <2years £000**	**2 to <5years £000**	**5years and over £000**	Carrying amount £000	Contract-ual cash flows £000	1 year or less £000	1 to <2years £000	2 to <5years £000	5years and over £000
Non-derivative financial liabilities												
Loan notes	**4,212**	**4,212**	**-**	**-**	**-**	**4,212**	3,660	3,660	-	-	-	3,660
Interest bearing loans	**11,737**	**11,737**	**-**	**-**	**-**	**11,737**	6,836	6,836	86	-	-	6,750
Parent company loan	**479**	**479**	**479**	**-**	**-**	**-**	468	468	468	-	-	-
Finance lease liabilities	**5,468**	**5,468**	**2,329**	**1,607**	**1,532**	**-**	1,851	1,851	906	604	341	-
Trade and other payables	**20,052**	**20,052**	**20,052**	**-**	**-**	**-**	10,812	10,812	10,812	-	-	-
	41,948	**41,948**	**22,860**	**1,607**	**1,532**	**15,949**	23,627	23,627	12,272	604	341	10,410

Notes *(continued)*

20 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	Year ended 31 December 2016 £000	Period ended 31 December 2015 £000
Less than one year	**3,071**	2,195
Between one and five years	**6,564**	4,530
More than five years	**805**	415
	10,440	7,140

The Group leases the majority if its motor and commercial vehicles on terms that range between three and five years and during the year £2,423,000 *(period ended 31 December 2015: £1,371,000)* was recognised in the Consolidated Income Statement.

21 Commitments

Capital commitments

At 31 December 2016, the Group had entered into contracts for the purchase of property, plant and equipment of £1,240,000 *(period ended 31 December 2015: £60,000).*

22 Contingencies

The Group has no material contingent liabilities as at the date of these financial statements.

23 Related parties

A loan from idverde SAS, the immediate parent company, accrues interest at 2% above base rate and is payable on demand. As at 31 December 2016, the amount outstanding was £479,000 *(period ended 31 December 2015: £468,000).*

Another loan exists between idverde SAS and idverde Holdings Limited (formerly Hare Bidco Limited) for a principal amount of £11,737,000 *(period ended 31 December 2015: £6,750,000).* During the year, an additional loan of £8,936,000 was acquired to fund the acquisition of Pfeiffer Holdings Limited and its subsidiaries on the same terms of the existing loan and a sum of £3,949,000 was repaid to idverde SAS. The loan accrues interest at 5% per annum and is payable on demand.

The loan notes between idverde SAS and idverde Holdings Limited (formerly Hare Bidco Limited) for an amount of £2,953,000 *(period ended 31 December 2015: £2,953,000)* accrue interest at 15% per annum. As at 31 December 2016, the amount outstanding was £4,212,000 *(2015: £3,660,000).*

24 Ultimate parent company and parent company of larger Group

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

25 Subsequent events

On 30 May 2017, the Group acquired various trade and assets of Land Engineering Limited (in Administration) for a consideration of £987,000. This transaction has enabled the Group to secure a strong presence in Scotland to complement its existing business in that area and further support its national service provision.

Company Balance Sheet
at 31 December 2016

	Note	2016 £000	£000	2015 £000	£000
Fixed assets					
Investments	28		**16,740**		7,976
Current assets					
Debtors	29	**3,864**		4,399	
Cash at bank and in hand		**14**		14	
		3,878		4,413	
Creditors: amounts falling due within one year	30	**(555)**		(468)	
Net current assets			**3,323**		3,945
Total assets less current liabilities, being net assets			**20,063**		11,921
Capital and reserves					
Called up share capital	32		**16,721**		7,958
Share premium account			**15,837**		15,837
Profit and loss account			**(12,495)**		(11,874)
Shareholders' funds			**20,063**		11,921

The notes on pages 44 to 47 form an integral part of these financial statements.

These financial statements were approved by the Board of directors on 28 September 2017 and were signed on its behalf by:

JE Rhodes

J E Rhodes
Director

Company registered number: 6539986

Company Statement of Changes in Equity

	Share capital £000	Share premium £000	Retained earnings £000	Total equity £000
Balance at 1 April 2015	7,958	15,837	(11,385)	12,410
Total comprehensive income for the period				
Profit or loss	-	-	(489)	(489)
Total comprehensive income for the period	-	-	(489)	(489)
Balance at 31 December 2015	7,958	15,837	(11,874)	11,921
Balance at 1 January 2016	7,958	15,837	(11,874)	11,921
Total comprehensive income for the year				
Profit or loss	-	-	(621)	(621)
Total comprehensive income for the year	-	-	(621)	(621)
Shares issued	8,763	-	-	8,763
Balance at 31 December 2016	**16,721**	**15,837**	**(12,495)**	**20,063**

Notes
(forming part of the financial statements)

26 Accounting policies

The financial statements of the Company have been prepared under the historical cost convention as modified by the revaluation of certain investments and in accordance with *Financial Reporting Standard 101 "Reduced Disclosure Framework"*. The following disclosure exemptions have been taken:

- disclosure requirements of paragraphs 45(b) and 46 to 52 of IFRS 2 Share-based Payment;
- disclosure requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirement in paragraph 38 .of IAS 1 Presentation of Financial Statements to present comparative information in respect of paragraph 73(e) of IAS 16 Property, Plant and Equipment;
- disclosure requirements of paragraphs 134 to 136 of IAS 1 Presentation of Financial Statements in
- respect of capital management;
- disclosure about .the effects of new but not yet effective IFRSs under IAS 8; and
- disclosure requirements in respect of the compensation of Key Management Personnel under IAS 24 Related Party Disclosures.

The principal accounting policies are summarised below:

26.1 Cash flow statement

The Company has not provided a cash flow statement as permitted by FRS 101.

26.2 Fixed asset investments

Fixed asset investments arc recognised at cost less provision for impairment in value. The directors perform regular impairment reviews assessing the carrying value of the asset against the higher of value in use and net realisable value.

26.3 Measurement convention

The financial statements are prepared on the historical cost basis.

26.4 Non-derivative financial instruments

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

Trade and other debtors

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

Trade and other creditors

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

26.5 Investments in debt and equity securities

Investments in subsidiaries are stated at amortised cost less impairment.

26.6 Cash and cash equivalents

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

Notes *(continued)*

26 Accounting policies (continued)

26.7 Interest-bearing borrowings

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

26.8 Intra-Group financial instruments

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

26.9 Provisions

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

26.10 Taxation

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

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

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

27 Profit for the financial year

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own profit and loss account in these financial statements. The Group profit for the year includes a loss after tax of £621,000 *(period ended 31 December 2015: Loss £489,000)* which is dealt with in the financial statements of the Parent Company.

Notes *(continued)*

28 Fixed asset investments

	Shares in Group undertakings £000
Cost	
At beginning of year	7,976
Additions	8,764
At end of year	16,740
Net book value	
At 31 December 2016	**16,740**
At 31 December 2015	7,976

During the year idverde UK Limited acquired £8,764,000 shares in idverde Holdings Limited.

Details of the Company's subsidiaries are disclosed in note 11 of the Group Financial Statements.

29 Debtors

	Year ended 31 December 2016 £000	Period ended 31 December 2015 £000
Amounts owed by Group undertakings	**3,864**	3,227
Other debtors	**-**	1,172
	3,864	4,399

30 Creditors

	2016 £000	2015 £000
Amounts owed to group undertakings	**76**	-
Parent company loan	**479**	468
	555	468

Notes *(continued)*

31 Interest-bearing loans and borrowings

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

	Year ended 31 December 2016 £000	Period ended 31 December 2015 £000
Creditors falling due in less than one year		
Parent company loan	**479**	468
	479	468

Terms and debt repayment schedule

Terms and debt repayment schedule

	Currency	Nominal interest rate	Year of maturity	**Face value 2016 £000**	**Carrying amount 2016 £000**	Face value 2015 £000	Carrying amount 2015 £000
Parent company loan	GBP	Base + 2%	On demand	**479**	**479**	468	468

32 Deferred tax assets and liabilities

Unrecognised deferred tax assets and liabilities

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

33 Called up share capital

Share capital

	2016 £000	2015 £000
Allotted, called up and fully paid		
Ordinary shares of £0.01 each	**16,721**	7,958
Shares classified as liabilities	**-**	-
Shares classified in shareholders' funds	**16,721**	7,958

During the year the company issued 876,344,000 ordinary shares of £0.01 each at par.

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

34 Related parties

The Company has taken advantage of the exemption conferred by FRS 101 relating to transactions and balances that are 100% owned.

A loan has reassigned to idverde SAS, the immediate parent company, which accrues interest at 2% above base rate and is payable on demand. As at 31 December 2016, the amount outstanding was £479,000 *(period ended 31 December 2015: £468,000).*