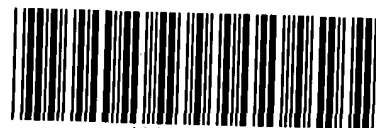

Acrobat Carbon Services Ltd

Annual Report and Financial Statements

For the 18 months ended Ended 30 June 2016

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Acrobat Carbon Services Ltd

Company Information

Directors	K J Griffin S R Holmes (resigned 28 July 2015)
Registered number	07332318
Registered office	Unit 9 Rhodes Business Park Silburn Way Middleton M24 4NE
Independent auditors	Hurst & Company Accountants LLP Chartered Accountants & Statutory Auditors Lancashire Gate 21 Tiviot Dale Stockport Cheshire SK1 1TD
Bankers	NatWest Bank plc 28 Bank Street Rawtenstall Rossendale BB4 8TS

Acrobat Carbon Services Ltd

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Acrobat Carbon Services Ltd

Strategic Report For the 18 months ended 30 June 2016

Introduction

The director presents his strategic report for the 18 months ended 30 June 2016.

Business review

The company's principal activity continued to be the management of energy efficiency installation measures in residential properties for onward trading as carbon credits under the Energy Company Obligations (ECO), as required by the UK Energy Act 2011. The company has also continued to expand its direct mail and print services and is continuing its efforts to expand into new markets.

The company's loss for the period, after taxation, amounted to £278,162 (Year to 31 December 2014 - £1,004,852 profit), the first trading loss in our trading history. However, the current year has seen the granting of contracts with a number of facilitating partners and the company is currently performing in line with forecasts, which will result in a return to profit.

On 28 July 2015, the holding company Acrobat Carbon Holdings Limited was acquired by Acrobat Carbon Group Limited for a combination of cash and shares. This also meant the exit of one of the company's founders, which was successfully and amicably achieved. The company extended its year end by 6 months to 30 June (the results reflect an 18-month period) due to the various changes going on in the business.

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

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

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

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

Strategic Report
For the 18 months ended 30 June 2016

Principal risks and uncertainties

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

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

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

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

Financial and other key performance indicators

The company monitors and assesses its performance by using key performance indicators, both financial and non-financial.

The KPIs are relevant to ensure the company meets its strategic objectives and long term growth.

The company is financially focused, monitoring and challenging financial performance at all levels in the business. Turnover is important and targets are in place for measures delivered (carbon savings for the ECO obligation) in both tonnes and CO₂, together with prices secured. These two key targets are monitored on a weekly basis.

Gross margins per contract are reviewed to ensure returns are acceptable to meet our growth plans and overall profitability, ensuring the required return on investment to stakeholders. Gross profit for the year at 18.7% was in line with forecasts and stakeholders' expectations.

Cash flow is critical to every business and cash forecasts are prepared and reviewed on a monthly basis. Debtors days are closely monitored and competitive - installer payment terms can provide an advantage to the business and the company needs to ensure it maintains any advantage and identifies any improvements it can make to retain a loyal installer base. Debtors days run at an average of 45 days and are closely linked to creditor days at 48 days.

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

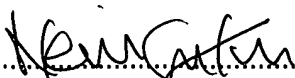
As noted above, the company places great importance on retaining and developing its people, who are critical to its performance. There are a number of employee incentives in place and focus is placed on staff development, including leadership training. Staff retention is measured on a regular basis as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

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

Acrobat Carbon Services Ltd

Strategic Report
For the 18 months ended Ended 30 June 2016

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


.....
K J Griffin
Director

Date: 30 March 2017

Acrobat Carbon Services Ltd

Directors' Report For the 18 months ended 30 June 2016

The director presents his report and the financial statements for the 18 months ended 30 June 2016.

Director's responsibilities statement

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

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

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

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

Results and dividends

The loss for the 18 months ended, after taxation, amounted to £278,162 (2014 -profit £1,004,852).

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

Directors

The directors who served during the 18 months ended were:

K J Griffin
S R Holmes (resigned 28 July 2015)

Future developments

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

Acrobat Carbon Services Ltd

Directors' Report (continued)
For the 18 months ended 30 June 2016

Financial instruments

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

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

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

Disclosure of information to auditors

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

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

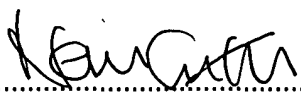
Post balance sheet events

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

Auditors

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

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


.....
K J Griffin
Director

Date: 30 March 2017

Independent Auditors' Report to the Shareholders of Acrobat Carbon Services Ltd

We have audited the financial statements of Acrobat Carbon Services Ltd for the 18 months ended 30 June 2016, set out on pages 8 to 28. The relevant financial reporting framework that has been applied in their preparation is the Companies Act 2006 and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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

Respective responsibilities of Directors and Auditors

As explained more fully in the Director's Responsibilities Statement on page 4, the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the director; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Strategic Report and the Director's Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 June 2016 and of its loss for the 18 months then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Acrobat Carbon Services Ltd

Independent Auditors' Report to the Shareholders of Acrobat Carbon Services Ltd (continued)

Matters on which we are required to report by exception

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

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



Helen Besant-Roberts (senior statutory auditor)
for and on behalf of

Hurst & Company Accountants LLP

Chartered Accountants

Statutory Auditors

Lancashire Gate

21 Tiviot Dale

Stockport

Cheshire

SK1 1TD

Date: 30 March 2017

Acrobat Carbon Services Ltd

**Statement of Comprehensive Income
For the 18 months ended Ended 30 June 2016**

	Note	18 months ended 30 June 2016 £	Year ended 31 December 2014 £
Turnover	4	18,485,465	21,973,401
Cost of sales		(15,047,475)	(17,205,657)
Gross profit		3,437,990	4,767,744
Administrative expenses		(3,775,059)	(3,497,133)
Operating (loss)/profit	5	(337,069)	1,270,611
Interest payable and expenses	9	(5,122)	(19,383)
(Loss)/profit on ordinary activities before taxation		(342,191)	1,251,228
Tax on (loss)/profit on ordinary activities	10	64,029	(246,376)
(Loss)/profit and total comprehensive (deficit)/income for the period		(278,162)	1,004,852

There was no other comprehensive income for the 18 month period ended 30 June 2016 (Year ended 31 December 2014: £NIL).

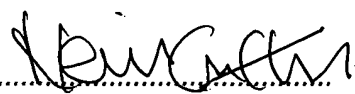
The notes on pages 11 to 28 form part of these financial statements.

Acrobat Carbon Services Ltd
Registered number: 07332318

Balance Sheet
As at 30 June 2016

	Note	30 June 2016 £	30 June 2016 £	31 December 2014 £	31 December 2014 £
Fixed assets					
Intangible assets	11		107,801		11,394
Tangible assets	12		161,439		211,253
			<u>269,240</u>		<u>222,647</u>
Current assets					
Stocks	13	4,202		18,146	
Debtors: amounts falling due within one year	14	4,830,494		3,826,614	
Cash at bank and in hand	15	27,594		747,585	
		<u>4,862,290</u>		<u>4,592,345</u>	
Creditors: amounts falling due within one year	16	(4,860,601)		(4,228,315)	
Net current assets			<u>1,689</u>		<u>364,030</u>
Total assets less current liabilities			<u>270,929</u>		<u>586,677</u>
Creditors: amounts falling due after more than one year			-		(26,170)
Provisions for liabilities					
Deferred tax	20	-		(11,416)	
			<u>-</u>		<u>(11,416)</u>
Net assets			<u><u>270,929</u></u>		<u><u>549,091</u></u>
Capital and reserves					
Called up share capital	21		1,000		1,000
Profit and loss account	22		269,929		548,091
			<u>270,929</u>		<u>549,091</u>

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


.....
K J Griffin

Director

Date: 30 March 2017

The notes on pages 11 to 28 form part of these financial statements.

Acrobat Carbon Services Ltd

**Statement of Changes in Equity
For the 18 months ended 30 June 2016**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2015	1,000	548,091	549,091
Comprehensive income for the 18 months ended			
Loss for the 18 months ended	-	(278,162)	(278,162)
Total comprehensive income for the 18 months ended	-	(278,162)	(278,162)
At 30 June 2016	1,000	269,929	270,929

**Statement of Changes in Equity
For the year ended 31 December 2014**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2014	1,000	706,209	707,209
Comprehensive income for the year			
Profit for the year	-	1,004,852	1,004,852
Total comprehensive income for the year	-	1,004,852	1,004,852
Dividends: Equity capital	-	(1,162,970)	(1,162,970)
At 31 December 2014	1,000	548,091	549,091

The notes on pages 11 to 28 form part of these financial statements.

Notes to the Financial Statements
For the 18 months ended Ended 30 June 2016

1. General information

Acrobat Carbon Services Limited is a private company limited by shares and incorporated in the United Kingdom. The address of the registered office and principal place of business is Unit 9, Rhodes Business Park, Silburn Way, Middleton, M24 4NE. The company is registered in England and its registered number is 07332318.

The nature of the company's operations and its principal activity is the management of energy efficiency installation measures in residential properties for onward trading as carbon credits under the Energy Company Obligation (ECO) as required by the UK Energy Act 2011.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

The reporting period is the 18 months ended 30 June 2016. As the previous reporting period ended on 31 December 2014, comparative amounts presented in the financial statements are not entirely comparable.

Information on the impact of first-time adoption of FRS 102 is given in note 29.

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

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d).

This information is included in the consolidated financial statements of Acrobat Carbon Group Limited as at 30th June 2016 and these financial statements may be obtained from Unit 9, Rhodes Business Park, Silburn Way, Middleton, M24 4NE.

2.3 Going concern

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

The company has prepared the accounts on a going concern basis based on current forecasts for the period through to June 2018 and discounted cashflow calculations. Whilst the company has accounted for a loss totalling £278,162 in the period to 30 June 2016, net assets total £270,929 at 30 June 2016 and the Board believes that it can meet its day-to-day working capital requirements from operating cash flows.

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

Notes to the Financial Statements
For the 18 months ended Ended 30 June 2016

2. Accounting policies (continued)

2.4 Revenue

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

Management of energy efficiency installation measures in residential properties

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

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

Marketing services - Sale of goods and services

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

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

2.5 Intangible assets

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

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

The estimated useful lives range as follows:

Computer software	-	5	years
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At 1 January 2016, management reviewed the useful lives of intangible fixed assets and determined that the useful life of computer software should be extended from 2 to 5 years. As a result of the useful life being reviewed and changed, the total amortisation charge in respect of computer software is £20,673 lower than it would have been based on the previous estimation of useful life.

Notes to the Financial Statements
For the 18 months ended Ended 30 June 2016

2. Accounting policies (continued)

2.6 Tangible fixed assets

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

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

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

Depreciation is provided on the following basis:

Improvements to property	-	33% on cost
Plant and machinery	-	10% on cost
Motor vehicles	-	33% on cost
Fixtures and fittings	-	20% on cost
Computer equipment	-	33% on cost

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

At 1 January 2015, management reviewed the useful lives of tangible fixed assets and determined that the useful life of plant and machinery should be extended from 5 to 10 years and the useful life of computer equipment should be extended from 2 to 3 years. As a result of the useful lives being reviewed and changed, the total depreciation charge in respect of plant and machinery is £41,591 lower and the total depreciation charge in respect of computer equipment is £3,061 lower.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

2.7 Stocks

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

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

2.8 Debtors

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

Notes to the Financial Statements
For the 18 months ended Ended 30 June 2016

2. Accounting policies (continued)

2.9 Cash and cash equivalents

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

2.10 Financial instruments

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

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

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

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate.

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

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.11 Creditors

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

Notes to the Financial Statements
For the 18 months ended 30 June 2016

2. Accounting policies (continued)

2.12 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income.

Foreign exchange gains and losses are presented in the Statement of Comprehensive Income within 'administrative expenses'.

2.13 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

2.14 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

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

2.15 Provisions for liabilities

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

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

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

Notes to the Financial Statements
For the 18 months ended 30 June 2016

2. Accounting policies (continued)

2.16 Current and deferred taxation

The tax expense for the 18 months ended comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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

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

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

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

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

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

a) Recoverable value of trade debtors and accrued income

The Group has recognised trade debtors with a carrying value of £2,500,334 (2014: £1,192,143) and accrued income with a carrying value of £896,334 (2014: £2,444,819). The recoverability of trade debtors and accrued income is regularly reviewed in the light of the available economic information specific to each debtor and specific provisions are recognised for balances considered to be at risk or irrecoverable.

b) Tangible fixed assets

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

c) Intangible fixed assets

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

Acrobat Carbon Services Ltd

**Notes to the Financial Statements
For the 18 months ended Ended 30 June 2016**

4. Turnover

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

	18 months ended 30 June 2016 £	<i>Year ended 31 December 2014 £</i>
Management of energy efficiency saving schemes	17,639,405	21,463,382
Marketing services	846,060	510,019
	<u>18,485,465</u>	<u>21,973,401</u>

All turnover arose within the United Kingdom.

5. Operating (loss)/profit

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

	18 months ended 30 June 2016 £	<i>Year ended 31 December 2014 £</i>
Depreciation of tangible fixed assets	86,312	107,215
Amortisation of intangible assets	16,010	17,174
Exchange differences	-	12
Operating lease rentals - Land & buildings	76,444	50,354
Operating lease rentals - Other	99,510	72,370
Defined contribution pension cost	588	-
	<u>588</u>	<u>-</u>

6. Auditors' remuneration

Fees payable to the Group's auditor for the audit of the Company's annual financial statements	11,250	-
Fees payable to the Group's auditor for taxation compliance services	1,500	-
Fees payable to the Group's predecessor auditor for the audit of the Company's annual financial statements	-	6,000
	<u>-</u>	<u>6,000</u>

Acrobat Carbon Services Ltd

**Notes to the Financial Statements
For the 18 months ended Ended 30 June 2016**

7. Employees

Staff costs, including directors' remuneration, were as follows:

	18 months ended 30 June 2016 £	<i>Year ended 31 December 2014 £</i>
Wages and salaries	1,843,387	2,006,542
Social security costs	206,283	191,952
Cost of defined contribution scheme	588	-
	<u>2,050,258</u>	<u>2,198,494</u>

The average monthly number of employees, including the directors, during the 18 months ended was as follows:

	18 months ended 30 June 2016 No.	<i>Year ended 31 December 2014 No.</i>
Directors	1	2
Administration	32	46
IT	2	2
Finance	4	4
Marketing services	15	15
	<u>54</u>	<u>69</u>

8. Directors' remuneration

	18 months ended 30 June 2016 £	<i>Year ended 31 December 2014 £</i>
Directors' emoluments	56,355	90,181
Compensation for loss of office	30,000	-
	<u>86,355</u>	<u>90,181</u>

Acrobat Carbon Services Ltd

**Notes to the Financial Statements
For the 18 months ended 30 June 2016**

9. Interest payable and similar charges

	18 months ended 30 June 2016 £	<i>Year ended 31 December 2014 £</i>
Bank interest payable	-	13,810
Finance leases and hire purchase contracts	5,122	5,573
	<u>5,122</u>	<u>19,383</u>

10. Taxation

	18 months ended 30 June 2016 £	<i>Year ended 31 December 2014 £</i>
Corporation tax		
Current tax on profits for the year	-	259,004
Adjustments in respect of previous periods	(44,464)	-
Total current tax	<u>(44,464)</u>	<u>259,004</u>
Deferred tax		
Origination and reversal of timing differences	(19,565)	(12,628)
Total deferred tax	<u>(19,565)</u>	<u>(12,628)</u>
Taxation on (loss)/profit on ordinary activities	<u>(64,029)</u>	<u>246,376</u>

Acrobat Carbon Services Ltd

**Notes to the Financial Statements
For the 18 months ended Ended 30 June 2016**

10. Taxation (continued)

Factors affecting tax charge for the 18 months ended/year

The tax assessed for the 18 months ended/year is higher than *(2014 -lower than)* the standard rate of corporation tax in the UK of 20% (2014 - 21%). The differences are explained below:

	18 months ended 30 June 2016 £	<i>Year ended 31 December 2014 £</i>
(Loss)/profit on ordinary activities before tax	(342,191)	<i>1,251,228</i>
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2014 -21%)	(68,438)	<i>250,246</i>
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	8,042	<i>5,186</i>
Capital allowances for 18 months ended/year in excess of depreciation	20,721	<i>12,850</i>
Adjustments to tax charge in respect of prior periods	(44,464)	<i>-</i>
Adjustment in research and development tax credit leading to an increase (decrease) in the tax charge	-	<i>(24,456)</i>
Unrelieved tax losses carried forward	17,780	<i>-</i>
Other differences leading to an increase (decrease) in the tax charge	2,330	<i>-</i>
Change in tax rates	-	<i>2,550</i>
Total tax charge/(credit) for the 18 months ended/year	(64,029)	<i>246,376</i>

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

Acrobat Carbon Services Ltd

Notes to the Financial Statements
For the 18 months ended Ended 30 June 2016

11. Intangible assets

	Computer Software £
Cost	
At 1 January 2015	49,368
Additions	112,417
At 30 June 2016	<u>161,785</u>
Amortisation	
At 1 January 2015	37,974
Charge for the year	16,010
At 30 June 2016	<u>53,984</u>
Net book value	
At 30 June 2016	<u>107,801</u>
<i>At 31 December 2014</i>	<u>11,394</u>

Amortisation of intangible assets is included in administrative expenses.

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

No impairment losses (2014: £nil) on intangible assets have been recognised in the statement of comprehensive income during the period.

Acrobat Carbon Services Ltd

Notes to the Financial Statements
For the 18 months ended 30 June 2016

12. Tangible fixed assets

	Long-term leasehold property £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Office equipment £	Total £
Cost or valuation						
At 1 January 2015	35,493	223,825	54,540	61,354	139,508	514,720
Additions	-	8,000	7,350	16,815	14,786	46,951
Disposals	-	-	(27,270)	-	-	(27,270)
At 30 June 2016	35,493	231,825	34,620	78,169	154,294	534,401
Depreciation						
At 1 January 2015	35,229	95,145	19,089	30,803	123,201	303,467
Charge for the period on owned assets	264	26,837	17,291	21,137	20,783	86,312
Disposals	-	-	(16,817)	-	-	(16,817)
At 30 June 2016	35,493	121,982	19,563	51,940	143,984	372,962
Net book value						
At 30 June 2016	-	109,843	15,057	26,229	10,310	161,439
At 31 December 2014	264	128,680	35,451	30,551	16,307	211,253

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	30 June 2016 £	31 December 2014 £
Plant and machinery	-	24,283
Motor vehicles	-	35,451
	-	59,734

Acrobat Carbon Services Ltd

Notes to the Financial Statements
For the 18 months ended Ended 30 June 2016

13. Stocks

	30 June 2016 £	31 December 2014 £
Work in progress	-	12,788
Finished goods and goods for resale	4,202	5,358
	<u>4,202</u>	<u>18,146</u>

Stock recognised in cost of sales during the 18 months ended to 30 June 2016 as an expense was £316,665 (*Year to 31 December 2014 - £172,476*).

An impairment loss of £NIL (*Year to 31 December 2014 - £NIL*) was recognised in cost of sales against stock during the 18 months ended to 30 June 2016 due to slow-moving and obsolete stock.

14. Debtors

	30 June 2016 £	31 December 2014 £
Trade debtors	2,500,334	1,192,143
Amounts owed by group undertakings	899,077	7,695
Other debtors	312,650	141,528
Prepayments and accrued income	980,186	2,485,248
Tax recoverable	130,098	-
Deferred taxation	8,149	-
	<u>4,830,494</u>	<u>3,826,614</u>

An impairment loss of £18,393 (*Year to 31 December 2014 - £nil*) was recognised against trade debtors.

15. Cash and cash equivalents

	30 June 2016 £	31 December 2014 £
Cash at bank and in hand	<u>27,594</u>	<u>747,585</u>

Acrobat Carbon Services Ltd

**Notes to the Financial Statements
For the 18 months ended Ended 30 June 2016**

16. Creditors: Amounts falling due within one year

	30 June 2016 £	<i>31 December 2014 £</i>
Trade creditors	1,966,579	1,802,062
Corporation tax	85,634	259,004
Taxation and social security	578,881	760,849
Obligations under finance lease and hire purchase contracts	-	18,541
Other creditors	669,157	4,388
Accruals and deferred income	1,560,350	1,383,471
	<u>4,860,601</u>	<u>4,228,315</u>

17. Secured debts

Obligations under finance leases and hire purchase contracts are secured on the assets to which the liability relates.

Amounts totalling £655,887 within 'Other creditors' are secured with a debenture which includes fixed and floating charges over the assets of the company.

18. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	30 June 2016 £	<i>31 December 2014 £</i>
Within one year	-	18,541
Between 1-2 years	-	26,170
	<u>-</u>	<u>44,711</u>

Acrobat Carbon Services Ltd

**Notes to the Financial Statements
For the 18 months ended Ended 30 June 2016**

19. Financial instruments

	30 June 2016 £	<i>31 December 2014 £</i>
Financial assets		
Financial assets that are debt instruments measured at amortised cost	<u><u>4,295,745</u></u>	<u><u>3,646,671</u></u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u><u>4,182,816</u></u>	<u><u>3,188,039</u></u>

Financial assets measured at amortised cost comprise trade receivables, intercompany debtors, other debtors, and accrued income.

Financial liabilities measured at amortised cost comprise trade payables, other creditors and accruals.

20. Deferred taxation

	2016 £
At beginning of period	(11,416)
Credited/(Charged) to the profit or loss	<u>19,565</u>
At end of period	<u><u>8,149</u></u>

The deferred taxation balance is made up as follows:

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

Acrobat Carbon Services Ltd

Notes to the Financial Statements
For the 18 months ended Ended 30 June 2016

21. Share capital

	30 June 2016 £	31 December 2014 £
Shares classified as equity		
Allotted, called up and fully paid		
510 A Ordinary shares of £1 each	510	510
195 B Ordinary shares of £1 each	195	195
195 C Ordinary shares of £1 each	195	195
100 D Ordinary shares of £1 each	100	100
	<hr/>	<hr/>
	1,000	1,000
	<hr/>	<hr/>

A, B, C and D Ordinary shares rank pari passu in all respects.

22. Reserves

Profit and loss account

The Profit and loss account includes all current and prior period retained profits and losses.

23. Pension commitments

The company operates a defined contribution scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £588 in the 18 months ended 30 June 2016 (Year ended 31 December 2014: £nil). Contributions totalling £1,059 (2014: £nil) were payable to the fund at the balance sheet date.

Acrobat Carbon Services Ltd

Notes to the Financial Statements
For the 18 months ended Ended 30 June 2016

24. Commitments under operating leases

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

	30 June 2016 £	31 December 2014 £
Land and buildings		
Not later than 1 year	38,000	38,000
Later than 1 year and not later than 5 years	88,667	145,667
	<u>126,667</u>	<u>183,667</u>
	30 June 2016 £	31 December 2014 £
Other operating leases		
Not later than 1 year	91,828	58,009
Later than 1 year and not later than 5 years	7,840	-
	<u>99,668</u>	<u>58,009</u>

25. Directors' benefits: Advances, Credits and Guarantees

The directors had interest free loans during the year. The maximum amount advanced to K J Griffin during the period was £462,002 and the maximum amount advanced to S R Holmes during the period was £181,559. Amounts owed by S R Holmes were repaid during the period (31 December 2014: £31,013 was outstanding) and £300,629 was owed by K J Griffin at the year end (31 December 2014: £110,135).

26. Directors' personal guarantees

The director has provided a guarantee in respect of liabilities included within other creditors, limited to £200,000.

27. Related party transactions

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

Purchases totalling £6,500 were made from a company controlled by the the director's spouse during the 18 months ended 30 June 2016 (Year ended 31 December 2014: £nil) and this amount remained payable to the related party at the end of the period.

Key management personnel compensation totalled £86,355 (Year ended 31 December 2014: £90,181).

Acrobat Carbon Services Ltd

**Notes to the Financial Statements
For the 18 months ended Ended 30 June 2016**

28. Controlling party

The ultimate parent company is Acrobat Carbon Group Limited, company number 09601841, incorporated in England and Wales. The address of the registered parent is Unit 9, Rhodes Business Park, Silburn Way, Middleton, M24 2NE.

The ultimate controlling party is K J Griffin, by virtue of his majority shareholding in the ultimate parent company.

The consolidated financial statements of this group are available to the public and may be obtained from the Registrar of Companies, Companies House, Crown Way, Maindy, Cardiff, CF4 3UZ.

29. First time adoption of FRS 102

The policies applied under the entity's previous accounting framework are not materially different to FRS 102 and have not impacted on equity or profit or loss.