

# **Myriad CEG Limited**

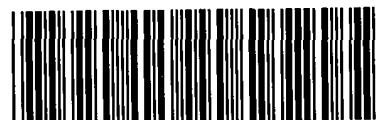
Report and Financial Statements

Year Ended

31 March 2016

Company Number 04391926

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# Myriad CEG Limited

## Company Information

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<b>Directors</b>	P N Clark P W Capell D A M Straughen S J Tamplin M H Sherrard R H Harvey
<b>Registered number</b>	04391926
<b>Registered office</b>	Unit 21 Burrough Court Burrough-on-the-Hill Melton Mowbray Leicestershire LE14 2QS
<b>Auditor</b>	BDO LLP Regent House Clinton Avenue Nottingham NG5 1AZ
<b>Bankers</b>	HSBC Corporate Banking 60 Queen Victoria Street London EC4N 4TR

# Myriad CEG Limited

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# **Myriad CEG Limited**

## **Strategic report For the Year Ended 31 March 2016**

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### **Introduction**

The director's present their strategic report for the year ended 31 March 2016.

### **Principal activities**

The principal activity of the company was the supply, design, installation and commissioning of micro-generation renewable energy systems for the public, industrial, commercial and rural sectors.

### **Business review**

The results for the year ended 31 March 2016, saw turnover achieved of £7.7m (2015 - £15.5m) and an operating profit of £98,821 (2015 – operating profit £883,247). Excluding the discontinued operations of the heat pump and solar businesses, the company reported an operating profit of £98,821 (2015 – £1,008,784).

The results show a deterioration in sales for the year. This has been driven, driven primarily by a downturn in the market resulting from changes to the Renewable Heat Incentive (RHI) which is a government backed incentive supporting the installation and operation of biomass equipment. This uncertainty in the market saw a reduction in installations; most notably a large supply and installation contract which was realised in the 2015 results but was not matched in 2016 with a project of equal scale.

The board have responded positively to this during the 2016 financial year by reducing the business overhead to a level consistent with the business turnover. In addition, a new 5 year strategy has been developed which will see the company extend its sales offering into 3 distinct areas, namely product distribution, service activity and turnkey contracting, with further diversification into other low carbon generation types. A strategy which the board are confident will secure the future of the business and which has already showed signs of success in the final quarter of the 2016 financial year.

A new chairman and board of directors were put in place during the financial year 2016 to develop this strategy and steer the business in this new direction.

# Myriad CEG Limited

## Strategic report (continued) For the Year Ended 31 March 2016

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### Principal risks and uncertainties

The process of risk acceptance and risk management is addressed through a framework of policies, procedures and internal controls. All policies are subject to Board approval and quarterly review by management.

The risks and uncertainties described below, together with the mitigating factors, represent those which the directors consider to be most significant in achieving the strategy, although they are not reported in any order of significance:

#### Staff retention and recruitment

The company is reliant on its key management in particular, and other experienced staff, for the operation and the continued expansion of the business. The ability to retain, motivate and recruit high quality, well qualified and experienced staff is important for the future success of the business.

Mitigation of this risk is through continual assessment of the reward and remuneration system, together with an effective system of employee communication and the development of existing staff through training. In addition, a succession plan is in place for key staff to mitigate the risk of loss.

#### Loss of key sole distributorship

The company works hard to maintain a sole distributorship arrangement it has in place in the UK and this is seen as critical to maintaining the current growth strategy. Mitigation of this risk is achieved through a strong partnership relationship, supported by a contractual agreement and the continuing development of a successful relationship. This is underpinned by the company's strong customer satisfaction and good corporate ethics.

#### High levels of digression of the Renewable Heat Incentive (RHI)

The economies of biomass installation are supported by the RHI. Significant reductions in the level of RHI will impact the company's growth success. The company does look to mitigate this risk through development of its core market sectors and in particular those that are less susceptible to RHI.

#### Liquidity

To manage the working capital needs the company needs to arrange and maintain sufficient financing. The Board monitors the cash position regularly through rolling forecasts, and ensures that the company has in place appropriate facilities in place to meet the needs of the business.

#### Exchange rate fluctuations

Any depreciation of Sterling in relation to the Euro could impact the profit margin on certain projects that the group is engaged in. The Board closely monitor the currency fluctuations and a new hedging strategy is currently being implemented.

#### Competition and the market

The sector is becoming increasingly competitive, and has in recent years seen a significant number of new entrants. The Board and management regularly appraise the changing market conditions and look to ensure that the company continues to develop new products and enhance the brand, ensuring strong market reputation and customer satisfaction. Recent awards, such as the British Renewable Association Installer of the Year 2014, confirm the success of that strategy.

#### Credit risk

Credit risk applies to trade debtors including applications and retentions. Policies and procedures exist to ensure the management of trade debtors including applications and retentions minimises as far as is reasonably practicable the company's exposure to credit risk.

# Myriad CEG Limited

## Strategic report (continued) For the Year Ended 31 March 2016

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### Principal risks and uncertainties (continued)

#### Brexit

Uncertainty caused by the recent referendum to leave the EU could impact the business. Most notably an immediate impact has been the euro exchange rate changes. This risk is being managed through an effective hedge strategy as detailed above. Secondly there has been a reduction in the desire to commit to investment decisions by our customers. The board continue to monitor this and support our customers where we can on the economic benefits of our product offering.

### Financial key performance indicators

The Board puts in place a formal budget and 5 year strategic plan to measure and assess performance, together with regular current year forecasting.

It has also put in place a number of key performance indicators, managed through senior level performance objectives, to measure progress and these are detailed below:

#### Revenue

The company is committed to growing its revenue year on year. This measure shows the success of the sales teams in terms of gaining orders. In addition, new areas of revenue growth are to be explored in line with the company's new strategy.

#### Gross Margin

The gross margin and gross margin percentage are important indicators of financial performance and the company closely monitors margin achievement to understand any trends in external pricing and buying performance.

#### Overheads

The company is acutely aware of its overhead cost base and appraises it regularly. Discussion at board level ensures that the cost base of the business is consistent with the sales and profit expectations.

#### EBITDA

This is the key internal measure of financial performance assessed by the company.

#### Debtor and creditor days and age profiles

The company monitors closely its receipt and payments performance against terms to ensure not only working capital is effectively controlled but to understand any issues very quickly.

Due to the confidential nature and sensitivity of these measures the targets and actual performance are not disclosed.

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



**P N Clark**  
Director

Date: 27/10/2016

# Myriad CEG Limited

## Directors' report For the Year Ended 31 March 2016

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The directors present their report and the financial statements for the year ended 31 March 2016.

### Results and dividends

The profit for the year, after taxation, amounted to £104,274 (2015 - £800,061).

On 31 March 2016, the directors declared and paid a dividend to the parent company of £730,000 (2015 - £Nil).

### Directors

The directors who served during the year were:

P N Clark  
P W Capell (appointed 29 April 2015)  
J G M Wates (resigned 29 April 2015)  
D A M Straughen (appointed 29 April 2015)  
S J Tamplin (appointed 15 March 2016)  
M H Sherrard (appointed 17 December 2015)  
R H Harvey (appointed 18 May 2015)

### Qualifying third party indemnity provisions

The company maintains liability insurance for directors and officers as permitted by section 234 of the Companies Act 2006.

### Provision of information to auditor

Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- that 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 auditor is aware of that information.

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



**P N Clark**  
Director

Date: 27/10/2016

# **Myriad CEG Limited**

## **Directors' responsibilities statement**

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

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

In preparing these financial statements the directors are required to:

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

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



# **Myriad CEG Limited**

## **Independent Auditor's report to the members of Myriad CEG Limited**

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We have audited the financial statements of Myriad CEG Limited for the year ended 31 March 2016 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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, 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 Financial Reporting Council's (FRC'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 FRC's website at [www.frc.org.uk/auditscopeukprivate](http://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 company's affairs as at 31 March 2016 and of its profit for the year 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 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 for which the financial statements are prepared is consistent with the financial statements.

# Myriad CEG Limited

## Independent Auditor's report to the members of Myriad CEG Limited

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### 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.

*BDO LLP*

**Gareth Singleton** (senior statutory auditor)  
for and on behalf of BDO LLP, Statutory auditor  
Nottingham  
United Kingdom

*9 November 2016*

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

# Myriad CEG Limited

## Statement of comprehensive income For the Year Ended 31 March 2016

	Note	Continuing operations 2016 £	Discontin'd operations 2016 £	Total 2016 £	Continuing operations 2015 £	Discontin'd operations 2015 £	Total 2015 £
Turnover	3	7,652,123	-	7,652,123	15,121,231	372,846	15,494,077
Cost of sales		(4,440,510)	-	(4,440,510)	(10,197,409)	(310,372)	(10,507,781)
<b>Gross profit</b>		<b>3,211,613</b>	<b>-</b>	<b>3,211,613</b>	<b>4,923,822</b>	<b>62,474</b>	<b>4,986,296</b>
Administrative expenses		(3,112,792)	-	(3,112,792)	(3,915,038)	(188,011)	(4,103,049)
<b>Operating profit</b>	4	<b>98,821</b>	<b>-</b>	<b>98,821</b>	<b>1,008,784</b>	<b>(125,537)</b>	<b>883,247</b>
Interest payable and expenses	7	(3,017)	-	(3,017)	(5,186)	-	(5,186)
<b>Profit before tax</b>		<b>95,804</b>	<b>-</b>	<b>95,804</b>	<b>1,003,598</b>	<b>(125,537)</b>	<b>878,061</b>
Tax on profit	8	8,470	-	8,470	(78,000)	-	(78,000)
<b>Profit for the year</b>		<b>104,274</b>	<b>-</b>	<b>104,274</b>	<b>925,598</b>	<b>(125,537)</b>	<b>800,061</b>

There was no other comprehensive income for 2016 (2015:£NIL).

The profit for the year is attributable to the owners of the parent company.

The notes on pages 11 to 25 form part of these financial statements.

**Myriad CEG Limited**  
Registered number:04391926

**Balance sheet**  
**As at 31 March 2016**

	Note	£	2016 £	£	2015 £
<b>Fixed assets</b>					
Tangible assets	10		407,445		524,314
<b>Current assets</b>					
Stocks	11	547,282		772,857	
Debtors: amounts falling due within one year	12	2,039,851		2,857,654	
Cash at bank and in hand		940,034		996,374	
			<u>3,527,167</u>	<u>4,626,885</u>	
Creditors: amounts falling due within one year	13	(1,977,319)		(2,474,923)	
<b>Net current assets</b>			<u>1,549,848</u>		<u>2,151,962</u>
<b>Total assets less current liabilities</b>			<u>1,957,293</u>		<u>2,676,276</u>
Creditors: amounts falling due after more than one year	14		-		(16,827)
<b>Provisions for liabilities</b>					
Other provisions	17		(136,549)		(212,979)
<b>Net assets</b>			<u><u>1,820,744</u></u>		<u><u>2,446,470</u></u>
<b>Capital and reserves</b>					
Called up share capital	18		2,997		2,997
Share premium account	19		720,332		720,332
Profit and loss account	19		1,097,415		1,723,141
			<u><u>1,820,744</u></u>		<u><u>2,446,470</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 27/10/16



**P N Clark**  
Director

The notes on pages 11 to 25 form part of these financial statements.

## Myriad CEG Limited

### Statement of changes in equity For the Year Ended 31 March 2016

	Share capital £	Share premium £	Retained earnings £	Total equity £
At 1 April 2015	2,997	720,332	1,723,141	2,446,470
Profit for the year	-	-	104,274	104,274
Dividends: Equity capital	-	-	(730,000)	(730,000)
<b>At 31 March 2016</b>	<b>2,997</b>	<b>720,332</b>	<b>1,097,415</b>	<b>1,820,744</b>

### Statement of changes in equity For the Year Ended 31 March 2015

	Share capital £	Share premium £	Retained earnings £	Total equity £
At 1 April 2014	2,997	720,332	923,080	1,646,409
Profit for the year	-	-	800,061	800,061
<b>At 31 March 2015</b>	<b>2,997</b>	<b>720,332</b>	<b>1,723,141</b>	<b>2,446,470</b>

The notes on pages 11 to 25 form part of these financial statements.

# Myriad CEG Limited

## Notes to the financial statements For the Year Ended 31 March 2016

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### 1. Accounting policies

#### 1.1 Basis of preparation of financial statements

Myriad CEG Limited is a company incorporated in England & Wales under the Companies Act. The address of the registered office is given on the contents page and the nature of the company's operations and its principal activities are set out in the strategic report.

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 United Kingdom and the Republic of Ireland and the Companies Act 2006.

Information on the impact of first-time adoption of FRS 102 is given in note 25.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the company's accounting policies (see note 2).

The following principal accounting policies have been applied:

#### 1.2 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);
- the requirements of Section 11 Financial Instruments paragraphs 11.39 to 11.48A;
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.29;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Myriad CEG Group Limited as at 31 March 2016 and these financial statements may be obtained from Companies House.

#### 1.3 Turnover

Turnover comprises of revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts.

Turnover relating to long term contracts reflects the contract activity during the year and is calculated on milestones based on the stage of completion of the contract.

Revenue in relation to service and maintenance contracts is apportioned on a time basis over the period where the company is liable for risk cover. Any unrecognised element of revenue on these contracts at the period end, relating to future periods, is held within creditors as deferred income.

# Myriad CEG Limited

## Notes to the financial statements For the Year Ended 31 March 2016

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### 1. Accounting policies (continued)

#### 1.4 Long-term contracts

Profit on long-term contracts is taken as the work is carried out if the final outcome can be assessed with reasonable certainty. The profit included is calculated on a prudent basis to reflect the proportion of the work carried out at the year end, by recording turnover and related costs as contract activity progresses. Turnover is calculated on milestones based on the stage of completion of the contract, including an estimate for costs incurred at that time. Revenue derived from variations on contracts are recognised only when they have been accepted by the customer. Full provision is made for losses on all contracts in the year in which they are first foreseen.

Amounts recoverable on long term contracts are included within debtors and comprise any excess of cumulative work done for a contract over cumulative payments received for that contract, and after any provision for losses.

Where cumulative payments on account exceed work completed for a contract, the excess is included within creditors as contract balances along with cost accruals.

#### 1.5 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.

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:

Leasehold Improvements	- Over the term of the lease
Plant & machinery	- 5-33% Straight line
Motor vehicles	- 25% Straight line

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

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

#### 1.6 Operating leases: Lessee

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

#### 1.7 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

# Myriad CEG Limited

## Notes to the financial statements For the Year Ended 31 March 2016

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### 1. Accounting policies (continued)

#### 1.8 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.

#### 1.9 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.

#### 1.10 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 accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

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.

#### 1.11 Creditors

Short term creditors are measured at the transaction price.

#### 1.12 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.

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.

#### 1.13 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.



# Myriad CEG Limited

## Notes to the financial statements For the Year Ended 31 March 2016

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### 1. Accounting policies (continued)

#### 1.14 Leased assets: Lessee

Where assets are financed by leasing agreements that give rights approximating to ownership (finance leases), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the statement of comprehensive income over the shorter of estimated useful economic life and the term of the lease.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to the statement of comprehensive income over the term of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

#### 1.15 Pensions

##### Defined contribution pension plan

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

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

#### 1.16 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.

# Myriad CEG Limited

## Notes to the financial statements For the Year Ended 31 March 2016

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### 1. Accounting policies (continued)

#### 1.17 Current and deferred taxation

The tax expense for the year 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. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

# Myriad CEG Limited

## Notes to the financial statements For the Year Ended 31 March 2016

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### 2. Judgments in applying accounting policies and key sources of estimation uncertainty

In the application of the company's accounting policies, which are described above, the directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

#### Other key sources of estimation uncertainty

- Revenue recognition and valuation of construction contracts (see notes 3 and 12) is calculated on milestones based on the stage of completion of the contract. Profit on long-term contracts is taken as the work is carried out only when the final outcome can be assessed with reasonable certainty. The profit included is calculated on a prudent basis to reflect the proportion of the work carried out at the year end, by recording turnover and related costs as contract activity progresses. Turnover is calculated on milestones based on the stage of completion of the contract, including an estimate for costs incurred at that time. Revenue derived from variations on contracts are recognised only when they have been accepted by the customer. Full provision is made for losses on all contracts in the year in which they are first foreseen.
- Tangible fixed assets (see note 10) are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on the number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.
- Provisions (see note 17) the critical estimates, assumptions and judgments relate to the determination of the level of claims for remedial work that will be received, and the expected costs incurred to correct any defect with products which are covered under warranties. In determining these amounts, the company considers the repair/remedial process involved based on experience as well as considering the historical position of such claims to assess the potential for future claims.
- Stock provisions and valuation - Stock provisions include obsolescence, slow moving and defective items which take into account the results from monthly stock counts and represent the expected write-down between the estimated net realisable value and original cost. Net realisable value represents the estimated selling price less all estimated costs of completion and costs of disposal.
- Provision for doubtful debts - Bad debt provisions are made by the directors based on the age of the unpaid debtor and the terms of trade. Details on trade debtors can be found in note 12.

# Myriad CEG Limited

## Notes to the financial statements For the Year Ended 31 March 2016

### 3. Analysis of revenue

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

	2016 £	2015 £
Biomass	7,652,123	15,121,231
Heat Pumps (Discontinued)	-	37,403
Solar (Discontinued)	-	335,443
	<u>7,652,123</u>	<u>15,494,077</u>

All turnover arose within the United Kingdom.

The whole of the turnover and profit before taxation relates to the supply and installation of alternative energy sources.

### 4. Operating profit

The operating profit is stated after charging:

	2016 £	2015 £
Depreciation of owned tangible fixed assets	122,708	136,530
Depreciation of leased tangible fixed assets	15,521	17,127
Operating lease rentals - plant & machinery	68,810	68,079
Operating lease rentals - other operating leases	56,000	46,667
Fees payable to the company's auditor and its associates for the audit of the company's annual financial statements	21,600	21,000
Loss on sale of tangible assets	-	13,658
	<u>-</u>	<u>13,658</u>

# Myriad CEG Limited

## Notes to the financial statements For the Year Ended 31 March 2016

### 5. Employees

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

	2016 £	2015 £
Wages and salaries	1,594,464	1,973,669
Social security costs	204,583	261,822
Cost of defined contribution scheme	45,780	53,685
	<u>1,844,827</u>	<u>2,289,176</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2016 No.	2015 No.
Sales	14	15
Operations	35	33
Administration	7	19
	<u>56</u>	<u>67</u>

### 6. Directors' remuneration

	2016 £	2015 £
Directors' emoluments	228,555	162,334
Company contributions to defined contribution pension schemes	18,745	16,863
	<u>247,300</u>	<u>179,197</u>

During the year retirement benefits were accruing to 3 directors (2015 -1) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £106,019 (2015 -£150,134).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £14,606 (2015 -£16,863).

Fees paid to directors in respect of services provided to the company amounted to £85,267 (2015 - £Nil).

### 7. Interest payable and similar charges

	2016 £	2015 £
Finance leases and hire purchase contracts	<u>3,017</u>	<u>5,186</u>

# Myriad CEG Limited

## Notes to the financial statements For the Year Ended 31 March 2016

### 8. Taxation

	2016 £	2015 £
<b>Corporation tax</b>		
Current tax on profits for the year	-	135,000
Adjustments in respect of previous periods	(6,470)	-
<b>Deferred tax</b>		
Origination and reversal of timing differences	(2,000)	(57,000)
<b>Taxation on (loss)/profit on ordinary activities</b>	<b>(8,470)</b>	<b>78,000</b>

#### Factors affecting tax charge for the year

The tax assessed for the year is higher than (2015 - lower than) the standard rate of corporation tax in the UK of 20% (2015 - 21%). The differences are explained below:

	2016 £	2015 £
Profit on ordinary activities before tax	95,804	878,061
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 21%)	19,161	184,393
<b>Effects of:</b>		
Adjustments to tax charge in respect of prior periods	(6,470)	-
Other differences leading to an increase (decrease) in the tax charge	28,666	(47,089)
Group relief	(49,827)	(59,304)
<b>Total tax charge for the year</b>	<b>(8,470)</b>	<b>78,000</b>

#### Factors that may affect future tax charges

The main rate of corporation tax was reduced to 21% from 1 April 2014 and 20% from 1 April 2015 and their effect is recognised in these financial statements. Further reductions have reduced the main rate of corporation tax to 19% from 1 April 2017 and to 18% from 1 April 2020. These further reductions were substantively enacted on 26 October 2015 and their effect is recognised in these financial statements.

### 9. Dividends

	2016 £	2015 £
Dividends declared and paid to parent company	730,000	-

# Myriad CEG Limited

## Notes to the financial statements For the Year Ended 31 March 2016

### 10. Tangible fixed assets

	Leasehold improvement £	Plant & machinery £	Motor vehicles £	Total £
<b>Cost or valuation</b>				
At 1 April 2015	205,708	885,718	46,354	1,137,780
Additions	-	21,360	-	21,360
At 31 March 2016	205,708	907,078	46,354	1,159,140
<b>Depreciation</b>				
At 1 April 2015	92,568	475,433	45,465	613,466
Charge for the year	20,571	116,769	889	138,229
At 31 March 2016	113,139	592,202	46,354	751,695
<b>Net book value</b>				
At 31 March 2016	92,569	314,876	-	407,445
At 31 March 2015	113,140	410,285	889	524,314

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

	2016 £	2015 £
Plant and machinery	14,374	29,985

# Myriad CEG Limited

## Notes to the financial statements For the Year Ended 31 March 2016

### 11. Stocks

	2016 £	2015 £
Raw materials and consumables	<u>547,282</u>	<u>772,857</u>

Amounts charged to cost of sales in respect of purchases of stock were £3,307,141 (2015 - £8,278,333).

### 12. Debtors

	2016 £	2015 £
Trade debtors	912,019	1,719,773
Amounts owed by group undertakings	302,330	879,093
Other debtors	134,444	26,690
Prepayments	48,166	68,701
Amounts recoverable on long term contracts	583,892	106,397
Deferred taxation (see note 15)	59,000	57,000
	<u>2,039,851</u>	<u>2,857,654</u>

The amounts charged to income and expenditure in respect of the provision against trade debtors was £35,019 (2015 - £4,779).



# Myriad CEG Limited

## Notes to the financial statements For the Year Ended 31 March 2016

### 13. Creditors: Amounts falling due within one year

	2016 £	2015 £
Contract balances	320,635	1,168,757
Trade creditors	874,560	366,723
Amounts owed to group undertakings	302,369	-
Corporation tax	-	135,000
Taxation and social security	100,423	293,524
Obligations under finance lease and hire purchase contracts	16,827	17,123
Other creditors	41,392	33,759
Accruals and deferred income	321,113	460,037
	<u>1,977,319</u>	<u>2,474,923</u>

Obligations under finance leases and hire purchase contracts are secured over the assets to which they relate.

### 14. Creditors: Amounts falling due after more than one year

	2016 £	2015 £
Net obligations under finance leases and hire purchase contracts	-	16,827
	<u>-</u>	<u>16,827</u>

Obligations under finance leases and hire purchase contracts are secured over the assets to which they relate.

### 15. Hire purchase & finance leases

Minimum lease payments under hire purchase fall due as follows:

	2016 £	2015 £
Within one year	16,827	17,123
Between 1-2 years	-	16,827
	<u>16,827</u>	<u>33,950</u>

# Myriad CEG Limited

## Notes to the financial statements For the Year Ended 31 March 2016

### 16. Deferred taxation

	Deferred tax £
At 1 April 2015	57,000
Charged to the profit or loss	2,000
<b>At 31 March 2016</b>	<b>59,000</b>

The deferred tax asset is made up as follows:

	2016 £	2015 £
Accelerated capital allowances	50,000	56,000
Short term timing differences	9,000	1,000
	<b>59,000</b>	<b>57,000</b>

A deferred tax asset is recognised as the directors consider that there will be adequate future profits to recover this.

### 17. Provisions

	Warranty provision £
At 1 April 2015	212,979
Charged to the profit or loss	80,891
Utilised in year	(157,321)
<b>At 31 March 2016</b>	<b>136,549</b>

#### Warranty provision

The company provides up to a two year conditional warranty on the installation of goods supplied. The provision is an estimate of the expected costs of correcting any defects on the sales made within the previous 2 years.

The provision is not discounted as the directors do not consider the effect of discounting to be material to the financial statements.

# Myriad CEG Limited

## Notes to the financial statements For the Year Ended 31 March 2016

### 18. Share capital

	2016 £	2015 £
<b>Allotted, called up and fully paid</b>		
2,997 Ordinary shares shares of £1 each	<u>2,997</u>	<u>2,997</u>

### 19. Reserves

#### Share premium

Includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

#### Profit & loss account

All other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere.

### 20. Contingent liabilities

There is a guarantee in favour of the company's bankers for all and every sum owing at the date of demand given by the company and all subsidiary undertakings, supported by a charge over all the assets and undertakings of these companies. The company's bankers have a right of set off between the bank balances and overdrafts of all group undertakings.

### 21. Pension commitments

The company operates a defined contributions pension 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 £45,780 (2015 - £53,865). Contributions payable to the fund at the balance sheet date were £6,357 (2015 - £8,637) and are included in other creditors.

### 22. Commitments under operating leases

At 31 March 2016 the company had future minimum lease payments under non-cancellable operating leases as follows:

	2016 £	2015 £
Not later than 1 year	82,927	125,785
Later than 1 year and not later than 5 years	223,271	253,648
Later than 5 years	-	31,266
<b>Total</b>	<u><b>306,198</b></u>	<u><b>410,699</b></u>

# Myriad CEG Limited

## Notes to the financial statements For the Year Ended 31 March 2016

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### **23. Related party transactions**

Sales made in the period to Wates Construction Limited, were £1,246 (2015 - £102,067). At the period end there was £Nil (2015 - £Nil) outstanding.

Wates Construction Limited is owned by Wates Group Limited, the shareholders of which comprise the Wates family. Certain members of the Wates family are majority shareholders of the ultimate parent company of Myriad CEG Limited, Myriad CEG Group Limited.

### **24. Ultimate parent undertaking and controlling party**

The company's ultimate parent company is Myriad CEG Group Limited.

As reported in note 23, certain members of the Wates family are majority shareholders of Myriad CEG Group Limited.

The parent undertaking of the largest and smallest group for which consolidated accounts are prepared is Myriad CEG Group Limited. Consolidated accounts are available from Companies House, Cardiff, CF14 3UZ.

### **25. 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.