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Company Registration No. 03740408 (England and Wales)

CEL-F SOLAR SYSTEMS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

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COMPANIES HOUSE

CEL-F SOLAR SYSTEMS LIMITED

COMPANY INFORMATION

Directors	K D Knapp	
	A J Knapp	
	R M Jenkins	
	M K Shipp	
	P Bradbury	(Appointed 2 January 2018)
Secretary	K D Knapp	
Company number	03740408	
Registered office	32-34 St John's Road Tunbridge Wells Kent TN4 9NT	
Auditor	Perrys Accountants Limited Chartered Accountants 32-34 St John's Road Tunbridge Wells Kent TN4 9NT	

CEL-F SOLAR SYSTEMS LIMITED

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CEL-F SOLAR SYSTEMS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 JUNE 2017

The directors present the strategic report for the year ended 30 June 2017.

Fair review of the business
At Ecolution, our purpose is to deliver excellence in design, distribution, delivery and maintenance of renewable technologies. We predominantly serve housebuilders, main contractors, local authorities and social landlords.

Principal risks and uncertainties
With recent changes in government legislation and policies and specifically subsidy support to the renewable energy industry, we expect a challenging market over the next year. Given our customer base and expertise in new build, the impact of these changes on our business is still expected to be low.

The group has also been affected by the impact of volatile currency markets, however this risk is mitigated through careful control and the group's treasury policies.

Development and performance
Market conditions were generally good, with growth in construction volumes, introduction of increased levels of energy efficiency in planning and building regulations and more demand for maintenance specialists. The policy changes made by the Government in the summer of 2015, resulting in cuts to subsidy support for renewable technologies had a delayed effect on the distribution arm of the group, however the impact of this on the other parts of our business has been negligible, given that our drivers are construction volumes, energy efficiency standards in new buildings and the specialist maintenance requirements of the social housing sector. Ecolution Products our distribution business has been re-organised to accommodate the change in Government policy and trading conditions.

We have continued to invest in the long-term value of our business, with the launch of Electrical Contracting and other specialist services in the renewable and energy efficient sectors. We have also added additional offices and warehouses to accommodate the growth of the business.

We are delighted to welcome Paul Bradbury, who joined the Board on 1st January 2018. Paul leads the Energy Services Company and has been with the business for over 10 years and his expertise in the service and maintenance sector will be a great asset to the Board. Gillian Stewart stepped down from the Board on 2nd November 2016.

We are one of the oldest and most established businesses in the Renewable Energy Sector being formed over 18 years ago. To maintain our excellent standards, we have continued to invest in our people, premises and infrastructure to ensure that we have the skills and means to best serve our customers. Whilst continuing to be a commercially successful business we are proud that we are helping our clients to reduce carbon emissions and reduce fuel poverty.

As a result of our progress this year, the Board is proposing a final dividend of 1p / share, payable by the end of December. We expect to grow our dividend next year in line with anticipated increase in profitability but within our normal strategy of reinvesting an appropriate level of profits back into the business.

Key performance indicators

We have demonstrated a good underlying performance this year, with key financial highlights of:

- Increase in Group gross margin percentage 24% - 35% demonstrating better pricing, buying and delivery.
- Increase in revenue of 52% for Ecolution Energy Services (Maintenance).
- 48% increase in gross profit for Energy Services and an increase in overall profits.
- Underlying performance of the project business delivered profits over £750k (not including start-up losses of the new Electrical Contracting division)
- ROCE of 15%

On behalf of the board

K D Knapp
Director
2 March 2018

CEL-F SOLAR SYSTEMS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2017

The directors present their annual report and financial statements for the year ended 30 June 2017.

Principal activities
The principal activity of the group in the year under review was that of the design, supply, installation, maintenance and distribution of renewable energy products and systems.

Directors
The directors who held office during the year and up to the date of signature of the financial statements were as follows:

K D Knapp	
A J Knapp	
R M Jenkins	
Ms G J Stewart	(Resigned 2 November 2016)
M K Shipp	
P Bradbury	(Appointed 2 January 2018)

Results and dividends
The results for the year are set out on page 5.

Ordinary dividends were paid amounting to £228,800. The directors do not recommend payment of a further dividend.

Auditor
In accordance with the company's articles, a resolution proposing that Perrys Accountants Limited be reappointed as auditor of the group will be put at a General Meeting.

Statement of disclosure to auditor
So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company is aware of that information.

On behalf of the board

K D Knapp
Director
2 March 2018

CEL-F SOLAR SYSTEMS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 30 JUNE 2017

The directors are responsible for preparing the Annual 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 group and company, and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

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

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

CEL-F SOLAR SYSTEMS LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2017

	Notes	2017 £	2016 £
Turnover	**3**	11,250,290	13,829,998
Cost of sales		(7,311,708)	(10,426,671)
Gross profit		3,938,582	3,403,327
Administrative expenses		(3,511,951)	(2,457,847)
Other operating income		14,601	-
Operating profit	**4**	441,232	945,480
Interest receivable and similar income	**8**	213	-
Interest payable and similar expenses	**9**	(23,909)	(859)
Profit before taxation		417,536	944,621
Tax on profit	**10**	(83,078)	(176,733)
Profit for the financial year		334,458	767,888

Profit for the financial year is all attributable to the owners of the parent company.

Total comprehensive income for the year is all attributable to the owners of the parent company.

CEL-F SOLAR SYSTEMS LIMITED (REGISTERED NUMBER: 03740408)

GROUP BALANCE SHEET

AS AT 30 JUNE 2017

	Notes	2017 £	2017 £	2016 £	2016 £
Fixed assets					
Intangible assets	**12**		59,486		63,862
Tangible assets	**13**		551,070		402,326
Investments	**14**		-		203,000
			610,556		669,188
Current assets					
Stocks	**17**	1,057,069		865,400	
Debtors	**18**	2,478,325		2,614,510	
Cash at bank and in hand		865,273		1,341,766	
		4,400,667		4,821,676	
Creditors: amounts falling due within one year	**19**	(1,892,842)		(2,544,291)	
Net current assets			2,507,825		2,277,385
Total assets less current liabilities			3,118,381		2,946,573
Creditors: amounts falling due after more than one year	**20**		(122,564)		(75,701)
Provisions for liabilities	**23**		(58,063)		(32,776)
Net assets			2,937,754		2,838,096
Capital and reserves					
Called up share capital	**25**		6,890		6,950
Share premium account			707,435		713,375
Profit and loss reserves			2,223,429		2,117,771
Total equity			2,937,754		2,838,096

The financial statements were approved by the board of directors and authorised for issue on 2 March 2018 and are signed on its behalf by:

K D Knapp
Director

CEL-F SOLAR SYSTEMS LIMITED (REGISTERED NUMBER: 03740408)

COMPANY BALANCE SHEET

AS AT 30 JUNE 2017

	Notes	2017 £	2017 £	2016 £	2016 £
Fixed assets					
Intangible assets	**12**		59,486		63,862
Tangible assets	**13**		416,280		281,374
Investments	**14**		237,616		440,616
			713,382		785,852
Current assets					
Stocks	**17**	961,128		385,353	
Debtors	**18**	2,298,675		2,062,020	
Cash at bank and in hand		740,734		1,075,267	
		4,000,537		3,522,640	
Creditors: amounts falling due within one year	**19**	(916,035)		(703,166)	
Net current assets			3,084,502		2,819,474
Total assets less current liabilities			3,797,884		3,605,326
Creditors: amounts falling due after more than one year	**20**		(54,156)		(40,011)
Provisions for liabilities	**23**		(49,822)		(30,133)
Net assets			3,693,906		3,535,182
Capital and reserves					
Called up share capital	**25**		6,890		6,950
Share premium account			707,435		713,375
Profit and loss reserves			2,979,581		2,814,857
Total equity			3,693,906		3,535,182

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £393,524 (2016 - £716,104 profit).

The financial statements were approved by the board of directors and authorised for issue on 2 March 2018 and are signed on its behalf by:

K D Knapp
Director

CEL-F SOLAR SYSTEMS LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2017

	Notes	Share capital £	Share premium account £	Profit and loss reserves £	Total £
Balance at 1 July 2015		6,950	713,375	1,547,201	2,267,526
Year ended 30 June 2016:					
Profit and total comprehensive income for the year		-	-	767,888	767,888
Dividends	**11**	-	-	(197,318)	(197,318)
Balance at 30 June 2016		6,950	713,375	2,117,771	2,838,096
Year ended 30 June 2017:					
Profit and total comprehensive income for the year		-	-	334,458	334,458
Dividends	**11**	-	-	(228,800)	(228,800)
Redemption of shares	**25**	(60)	(5,940)	-	(6,000)
Balance at 30 June 2017		6,890	707,435	2,223,429	2,937,754

CEL-F SOLAR SYSTEMS LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2017

	Notes	Share capital £	Share premium account £	Profit and loss reserves £	Total £
Balance at 1 July 2015		6,950	713,375	2,296,071	3,016,396
Year ended 30 June 2016:					
Profit and total comprehensive income for the year		-	-	716,104	716,104
Dividends	**11**	-	-	(197,318)	(197,318)
Balance at 30 June 2016		6,950	713,375	2,814,857	3,535,182
Year ended 30 June 2017:					
Profit and total comprehensive income for the year		-	-	393,524	393,524
Dividends	**11**	-	-	(228,800)	(228,800)
Redemption of shares	**25**	(60)	(5,940)	-	(6,000)
Balance at 30 June 2017		6,890	707,435	2,979,581	3,693,906

CEL-F SOLAR SYSTEMS LIMITED

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2017

	Notes	2017 £	2017 £	2016 £	2016 £
Cash flows from operating activities					
Cash (absorbed by)/generated from operations	29		(72,389)		490,036
Interest paid			(23,909)		(859)
Income taxes paid			(147,333)		(67,446)
Net cash (outflow)/inflow from operating activities			(243,631)		421,731
Investing activities					
Purchase of intangible assets		-		(245)	
Purchase of tangible fixed assets		(306,250)		(304,651)	
Proceeds on disposal of tangible fixed assets		12,024		9,000	
Purchase of fixed asset investments		-		(54,000)	
Proceeds on disposal of fixed asset investments		203,000		12,000	
Interest received		213		-	
Net cash used in investing activities			(91,013)		(337,896)
Financing activities					
Redemption of shares		(6,000)		-	
Proceeds of new bank loans		8,340		256,310	
Payment of finance leases obligations		84,611		50,349	
Dividends paid to equity shareholders		(228,800)		(197,318)	
Net cash (used in)/generated from financing activities			(141,849)		109,341
Net (decrease)/increase in cash and cash equivalents			(476,493)		193,176
Cash and cash equivalents at beginning of year			1,341,766		1,148,590
Cash and cash equivalents at end of year			865,273		1,341,766

1 Accounting policies

Company information

Cel-F Solar Systems Limited ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is 32-34 St John's Road, Tunbridge Wells, Kent, TN4 9NT.

The group consists of Cel-F Solar Systems Limited and all of its subsidiaries.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £1.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Basis of consolidation

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

The consolidated financial statements incorporate those of Cel-F Solar Systems Limited and all of its subsidiaries (ie entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 30 June 2017. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

1 **Accounting policies** **(Continued)**

1.3 Going concern

The financial statements have been prepared on the basis that the group will be a going concern for a period of at least 12 months from the date of approval of the financial statements. The directors have reviewed cash flow forecasts supporting the view that sufficient financial resources will be available to the group as required to ensure that it is able to meet its liabilities as they fall due.

1.4 Turnover

Turnover is recognised to the extent that it is probably that the economic benefits will flow to the group and the revenue can be reliably measured. Turnover is measured at 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 turnover is recognised:

Sale of goods

Turnover from the sale of goods is recognised when all of the following conditions are satisfied:

- the group has transferred the significant risks and rewards of ownership to the buyer;
- the group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of turnover can be measured reliably;
- it is probable that the group 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.

Rendering of services

Turnover from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of turnover can be measured reliably
- it is probable that the group will receive the consideration due under the contract
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

The group has entered into contractual agreements to perform planned and reactive maintenance services to customers. Turnover arising from such services is recognised once the maintenance services have been provided to the customer and is measured at the fair value of the service provided.

1.5 Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

1 Accounting policies **(Continued)**

1.6 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date if the fair value can be measured reliably.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Development Costs	Straight line 5% - 20%

1.7 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Land and buildings Leasehold	over period of lease
Plant and machinery	25% on cost / over period of lease
Fixtures, fittings & equipment	25% on cost
Computer equipment	25% on cost
Motor vehicles	25% on cost

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the profit and loss account.

1.8 Fixed asset investments

Investments in subsidiaries are measured at cost and less accumulated impairment. Investments are assessed at the end of each reporting period for objective evidence of impairment. If the objective evidence of impairment is found, an impairment loss is recognised in the profit and loss account. The impairment loss is measured as the difference between the investment's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the reporting date.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1.9 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a weighted average basis.

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

1 Accounting policies **(Continued)**

1.10 Cash at bank and in hand

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.11 Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the group's balance sheet when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally 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.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

1 Accounting policies **(Continued)**

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

1.12 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1 Accounting policies **(Continued)**

1.13 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.14 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.15 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the profit and loss account so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

1.16 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

2 Judgements and key sources of estimation uncertainty

The directors were required to make use of judgement and estimation in preparing certain aspects of the financial statements.

2 Judgements and key sources of estimation uncertainty (Continued)

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Revenue recognition

The group enters into fixed price contracts for the provision of goods and services, including the installation of solar energy equipment. Where work related to such fixed price contracts is ongoing at the balance sheet date, the directors assess the stage of completion of the contract work in order to ensure that the appropriate amount of turnover is recognised. The stage of completion is estimated based on the directors' view of the fair value of the services provided at the balance sheet date.

3 Turnover and other revenue

The whole of the turnover is attributable to the group's primary activity, being the design, supply, installation, maintenance, and distribution of renewable energy products and systems.

All turnover arose within the United Kingdom.

4 Operating profit

	2017	2016
	£	£
Operating profit for the year is stated after charging/(crediting):		
Exchange losses/(gains)	32,778	(57,732)
Depreciation of owned tangible fixed assets	94,613	94,008
Depreciation of tangible fixed assets held under finance leases	51,619	9,681
Profit on disposal of tangible fixed assets	(750)	-
Amortisation of intangible assets	4,377	4,516
Cost of stocks recognised as an expense	5,358,631	9,109,402
Operating lease charges	44,453	39,648

5 Auditor's remuneration

	2017	2016
Fees payable to the company's auditor and associates:	£	£
For audit services		
Audit of the financial statements of the group and company	11,250	19,500
Audit of the financial statements of the company's subsidiaries	7,496	-
	18,746	19,500

6 Employees

The average monthly number of persons (including directors) employed by the group and company during the year was:

	Group		Company	
	2017	2016	2017	2016
	Number	Number	Number	Number
	102	73	71	72

Their aggregate remuneration comprised:

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Wages and salaries	3,004,305	2,284,592	1,946,544	1,536,826
Social security costs	285,694	199,765	207,164	144,215
Pension costs	101,807	64,781	65,887	59,068
	3,391,806	2,549,138	2,219,595	1,740,109

7 Directors' remuneration

	2017	2016
	£	£
Remuneration for qualifying services	129,532	186,179
Company pension contributions to defined contribution schemes	39,240	28,620
	168,772	214,799

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 3 (2016 - 4).

8 Interest receivable and similar income

	2017	2016
	£	£
Interest income		
Other interest income	213	-

9 Interest payable and similar expenses

	2017	2016
	£	£
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	23,909	859

10 Taxation

	2017	2016
	£	£
Current tax		
UK corporation tax on profits for the current period	71,830	169,301
Adjustments in respect of prior periods	(14,039)	(16,564)
Total current tax	57,791	152,737
Deferred tax		
Origination and reversal of timing differences	25,287	23,996
Total tax charge for the year	83,078	176,733

The actual charge for the year can be reconciled to the expected charge based on the profit or loss and the standard rate of tax as follows:

	2017	2016
	£	£
Profit before taxation	417,536	944,621
Expected tax charge based on the standard rate of corporation tax in the UK of 19.75% (2016: 20.00%)	82,463	188,924
Tax effect of expenses that are not deductible in determining taxable profit	11,638	150
Adjustments in respect of prior years	(14,039)	(16,564)
Deferred tax not recognised	3,016	4,802
Other timing differences	-	(579)
Taxation charge for the year	83,078	176,733

11 Dividends

	2017	2016
	£	£
Interim paid	228,800	197,318

12 Intangible fixed assets

Group	Development Costs
	£
Cost	
At 1 July 2016 and 30 June 2017	85,119
Amortisation and impairment	
At 1 July 2016	21,256
Amortisation charged for the year	4,377
At 30 June 2017	25,633
Carrying amount	
At 30 June 2017	59,486
At 30 June 2016	63,862

Company	Development Costs
	£
Cost	
At 1 July 2016 and 30 June 2017	85,119
Amortisation and impairment	
At 1 July 2016	21,256
Amortisation charged for the year	4,377
At 30 June 2017	25,633
Carrying amount	
At 30 June 2017	59,486
At 30 June 2016	63,862

13 Tangible fixed assets

Group	Land and buildings Leasehold	Plant and machinery	Fixtures, fittings & equipment	Computer equipment	Motor vehicles	Total
	£	£	£	£	£	£
Cost						
At 1 July 2016	66,981	223,357	60,206	363,496	366,358	1,080,398
Additions	-	-	37,161	141,310	127,779	306,250
Disposals	-	-	-	-	(26,919)	(26,919)
At 30 June 2017	66,981	223,357	97,367	504,806	467,218	1,359,729
Depreciation and impairment						
At 1 July 2016	55,015	96,909	48,119	255,473	222,556	678,072
Depreciation charged in the year	2,613	8,399	11,767	64,846	58,607	146,232
Eliminated in respect of disposals	-	-	-	-	(15,645)	(15,645)
At 30 June 2017	57,628	105,308	59,886	320,319	265,518	808,659
Carrying amount						
At 30 June 2017	9,353	118,049	37,481	184,487	201,700	551,070
At 30 June 2016	11,966	126,447	12,087	108,025	143,801	402,326

13 Tangible fixed assets **(Continued)**

Company	Land and buildings Leasehold	Plant and machinery	Fixtures, fittings & equipment	Computer equipment	Motor vehicles	Total
	£	£	£	£	£	£
Cost						
At 1 July 2016	66,981	222,757	60,206	248,634	270,147	868,725
Additions	-	-	37,161	138,035	60,574	235,770
Disposals	-	-	-	-	(15,645)	(15,645)
At 30 June 2017	66,981	222,757	97,367	386,669	315,076	1,088,850
Depreciation and impairment						
At 1 July 2016	55,015	96,609	48,119	184,042	203,565	587,350
Depreciation charged in the year	2,613	8,249	11,767	47,007	31,229	100,865
Eliminated in respect of disposals	-	-	-	-	(15,645)	(15,645)
At 30 June 2017	57,628	104,858	59,886	231,049	219,149	672,570
Carrying amount						
At 30 June 2017	9,353	117,899	37,481	155,620	95,927	416,280
At 30 June 2016	11,966	126,147	12,087	64,593	66,581	281,374

13 Tangible fixed assets (Continued)

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Motor vehicles	193,448	143,801	91,799	66,581
Depreciation charge for the year in respect of leased assets	51,619	9,681	27,074	-

14 Fixed asset investments

	Notes	Group		Company	
		2017	2016	2017	2016
		£	£	£	£
Investments in subsidiaries	15	-	-	237,616	237,616
Unlisted investments		-	203,000	-	203,000
		-	203,000	237,616	440,616

Movements in fixed asset investments

Group	Investments other than loans
	£
Cost or valuation	
At 1 July 2016	203,000
Disposals	(203,000)
At 30 June 2017	-
Carrying amount	
At 30 June 2017	-
At 30 June 2016	203,000

14 Fixed asset investments (Continued)

Movements in fixed asset investments

Company	Shares in group undertakings	Other investments other than loans	Total
	£	£	£
Cost or valuation			
At 1 July 2016	237,616	203,000	440,616
Disposals	-	(203,000)	(203,000)
At 30 June 2017	237,616	-	237,616
Carrying amount			
At 30 June 2017	237,616	-	237,616
At 30 June 2016	237,616	203,000	440,616

15 Subsidiaries

Details of the company's subsidiaries at 30 June 2017 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct	Indirect
Ecolution Products Limited	1	Sale and distribution of products	Ordinary X, Ordinary Y	100.00	
Ecolution Energy Services Limited	2	Maintenance and monitoring services	Ordinary	100.00	

Registered Office addresses:

1 32-34 St Johns Road, Tunbridge Wells, Kent, TN4 9NT
2 32-34 St Johns Road, Tunbridge Wells, Kent, TN4 9NT

16 Financial instruments

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Carrying amount of financial assets				
Debt instruments measured at amortised cost	2,389,295	2,550,524	2,224,736	2,042,696
Equity instruments measured at cost less impairment	-	203,000	-	203,000
Carrying amount of financial liabilities				
Measured at amortised cost	1,564,019	2,139,095	856,555	553,522

17 Stocks

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Raw materials and consumables	948,069	826,400	852,128	346,353
Work in progress	109,000	39,000	109,000	39,000
	1,057,069	865,400	961,128	385,353

18 Debtors

	Group		Company	
	2017	2016	2017	2016
Amounts falling due within one year:	£	£	£	£
Trade debtors	2,345,763	2,452,449	1,870,634	1,649,428
Amounts owed by group undertakings	-	-	326,037	300,787
Other debtors	43,532	98,075	28,065	92,481
Prepayments and accrued income	89,030	63,986	73,939	19,324
	2,478,325	2,614,510	2,298,675	2,062,020

19 Creditors: amounts falling due within one year

	Notes	Group 2017 £	2016 £	Company 2017 £	2016 £
Bank loans and overdrafts	21	264,650	256,310	-	-
Obligations under finance leases	22	69,765	50,643	37,060	23,377
Trade creditors		875,122	1,571,587	397,752	151,323
Amounts due to group undertakings		-	-	310,596	207,706
Corporation tax payable		74,554	164,096	45,689	133,013
Other taxation and social security		376,833	316,801	67,947	56,642
Other creditors		43,350	3,312	8,643	3,312
Accruals and deferred income		188,568	181,542	48,348	127,793
		1,892,842	2,544,291	916,035	703,166

20 Creditors: amounts falling due after more than one year

	Notes	Group 2017 £	2016 £	Company 2017 £	2016 £
Obligations under finance leases	22	122,564	57,074	54,156	21,384
Other creditors		-	18,627	-	18,627
		122,564	75,701	54,156	40,011

21 Loans and overdrafts

	Group 2017 £	2016 £	Company 2017 £	2016 £
Bank loans	264,650	256,310	-	-
Payable within one year	264,650	256,310	-	-

The group has given a fixed and floating charge over its assets both present and future in connection with the banking facilities of subsidiary undertakings within the group. As at the balance sheet date the outstanding loan amounted to £264,650.

22 Finance lease obligations

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Future minimum lease payments due under finance leases:				
Within one year	70,248	50,643	37,060	23,377
In two to five years	123,813	57,074	54,156	21,384
	194,061	107,717	91,216	44,761
Less: future finance charges	(1,732)	-	-	-
	192,329	107,717	91,216	44,761

23 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the group and company, and movements thereon:

Group	Liabilities 2017 £	Liabilities 2016 £
Accelerated capital allowances	59,183	36,652
Short term timing differences	(1,120)	(3,876)
	58,063	32,776

Company	Liabilities 2017 £	Liabilities 2016 £
Accelerated capital allowances	50,942	34,009
Short term timing differences	(1,120)	(3,876)
	49,822	30,133

23 Deferred taxation (Continued)

Movements in the year:	Group 2017 £	Company 2017 £
Liability at 1 July 2016	32,776	30,133
Charge to profit or loss	25,287	19,689
Liability at 30 June 2017	58,063	49,822

24 Retirement benefit schemes

Defined contribution schemes	2017 £	2016 £
Charge to profit or loss in respect of defined contribution schemes	101,807	64,781

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

25 Share capital

	Group and company	
	2017	2016
Ordinary share capital	£	£
Issued and fully paid		
212,000 A1 Ordinary shares of 1p each	2,120	2,120
212,000 A2 Ordinary shares of 1p each	2,120	2,120
100,000 A3 Ordinary shares of 1p each	1,000	1,000
15,200 A4 Ordinary shares of 1p each	152	152
15,300 A5 Ordinary shares of 1p each	153	153
40,000 B1 Ordinary shares of 1p each	400	400
24,000 B2 Ordinary shares of 1p each	240	240
0 B3 Ordinary shares of 1p each	-	60
5,000 B4 Ordinary shares of 1p each	50	50
1,000 C1 Ordinary shares of 1p each	10	10
1,500 C2 Ordinary shares of 1p each	15	15
31,500 C3 Ordinary shares of 1p each	315	315
31,500 C4 Ordinary shares of 1p each	315	315
	6,890	6,950

Except as expressly provided otherwise in the Articles of Association, every share irrespective of class shall rank pari passu in all respects but shall constitute separate classes of shares.

The directors may only issue B Shares to eomployees and may only issue C Shares to those who are neither a founder nor an employee.

Dividends may be declared on any class of A Shares, any class od B Shares or any class of C Shares at such times and in such amounts as shall be determined by the directors in their absolute discretion.

On a share sale, the sale proceeds shall be distributed in among the holders of the shares pro rata to the number of shares held, irrespective of the class.

If the holders of 50% by nominal value of the shares in issue wish to transfer all of their interest in shares to a bona fide purchaser on arm's-length terms ('proposed buyer'), the selling shareholders shall have the option to require all the other holders of shares on the date of the request to sell and transfer all their interest in shares with full title guarantee to the proposed buyer.

During the year, the company repurchased 6,000 B3 Ordinary 1p shares for consideration of £6,000.

26 Operating lease commitments

Lessee
At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Within one year	110,887	85,000	110,887	85,000
Between two and five years	348,556	390,000	348,556	390,000
	459,443	475,000	459,443	475,000

27 Related party transactions

Ecolution House LLP
An LLP in which the directors K D Knapp and A J Knapp are members

During the year, the group received services amounting to £155,978. As at the balance sheet date, the company was owed £44,977 by Ecolution House LLP included within trade debtors, £5,000 included within other debtors and £14,824 within trade creditors.

Guy Jenkins Associates Limited
A company in which the director R M Jenkins is also a director

During the year, the group received services amounting to £17,397. As at the balance sheet date, the group owed £6,102 to Guy Jenkins Associates Limited, this balance is included within trade creditors.

28 Controlling party

In the opinion of the directors there is no identifiable individual controlling party.

Cel-F Solar Systems Limited is the smallest and largest group for which consolidated financial statements are prepared in which the company's results are included. The consolidated financial statements may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

29 Cash generated from group operations

	2017 £	2016 £
Profit for the year after tax	334,458	767,888
Adjustments for:		
Taxation charged	83,078	176,733
Finance costs	23,909	859
Investment income	(213)	-
Gain on disposal of tangible fixed assets	(750)	-
Amortisation and impairment of intangible assets	4,377	4,516
Depreciation and impairment of tangible fixed assets	146,232	103,689
Movements in working capital:		
(Increase) in stocks	(191,669)	(321,131)
Decrease/(increase) in debtors	136,185	(898,964)
(Decrease)/increase in creditors	(607,996)	656,446
Cash (absorbed by)/generated from operations	(72,389)	490,036

CEL-F SOLAR SYSTEMS LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF CEL-F SOLAR SYSTEMS LIMITED

Opinion

We have audited the financial statements of Cel-F Solar Systems Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 June 2017 set out on pages 5 to 31. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 30 June 2017 and of its 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF CEL-F SOLAR SYSTEMS LIMITED

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- 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; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

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

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

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: http://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF CEL-F SOLAR SYSTEMS LIMITED

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.

Perrys

Declan McCusker (Senior Statutory Auditor)
for and on behalf of Perrys Accountants Limited

14 MARCH 2018

Chartered Accountants
Statutory Auditor

32-34 St John's Road
Tunbridge Wells
Kent
TN4 9NT