Utilisoft Limited

Annual Report and Financial Statements

Registered number 02931236

Year ended 31 March 2017

Directors

A Green (resigned 13 April 2017)
A Green (appointed 8 May 2017)
M C Hirst
S Gosling
M Evans (resigned 13 April 2017)
J Furness (resigned 13 April 2017)
P Galati (appointed 13 April 2017)
J Iceton (resigned 13 April 2017)

Secretary

S Gosling (resigned 13 April 2017)
Brodies Secretarial Services Limited (appointed 13 April 2017)

Auditor

KPMG
1 St Peter's Square
Manchester M2 3AE

Registered Office

Utilihouse
East Terrace
Euxton Lane
Chorley
Lancashire PR7 6TE

Contents

Strategic report

The directors present their strategic report for the year ended 31 March 2017.

Principal activity and review of the business

The principal activities of the company during the year was the provision of software and managed services for participants in the energy and utility markets and the sale of pre-accredited energy supply companies.

The past 12 months have been very successful for the company. With significant progress in both profit and turnover growth, we have continued to invest heavily in our market leading SaaS software platform and data analytics applications which prepare us for the roll out of the UK smart grid program and impending technology enablement. We have acquired a record number of new clients; in fact, a further 13 new Energy suppliers in the year have been contracted to enter the UK Energy market bringing the total Energy Supply partnerships we have to 46. At the same time our focus has remained on improving and building our Board and management teams whilst continually improving our software services and delivery methodologies ensuring we drive improved service levels and innovation for both our clients and their end customers.

The business relocated to a state of the art purpose built headquarters in September 2015 providing us with an improved workplace environment. In doing so we have created a suitable vibrant and creative workplace for our software developers and technical teams to work within and we believe this investment as gone some way in helping us recruit future talent in a competitive technology field. We have also taken steps to further future proof the business by actively investing in a dedicated R&D team within our "Living Lab". This will ensure our future innovation development index proactively address our futures in IOT and predictive utility data analytics across our platforms. Importantly we continue to successfully invest in new and existing applications within our SaaS software platform, primarily to address the impending UK Smart Grid roll out and Data Analytics market opportunities.

Key performance indicators (KPIs)

Management completed an MBO backed by NorthEdge Capital LLP on the 20th June 2014, when it became part of Utiligroup. Management monitors the following KPIs across the group to ensure the business performs in line with expectations and that issues are identified promptly and efficiency measures can be quantified. The key KPI's are as follows:

- Revenue growth – +36.6%
- Gross profit – +40.9%
- EBITDA – +45.7%

The rate of growth has been secured by the increase in recurring revenues and the number of new contract wins. We have successfully extended many major partnership contracts and continued to develop the bandwidth of services and benefits that we provide to our clients.

The financial performance in the year was excellent with sales revenue of £17,076,222 up 36.6% on the prior year and substantial growth in EBITDA before exceptional items; 45.7% up on the prior year.

Market

The positive financial performance was further underpinned by strong independent sector market growth and we expect this to remain positive in the coming year. This will be further strengthened by government legislation and policy, the continued pipeline of new independent energy suppliers entering the UK market, the start of the eagerly anticipated mass smart meter rollout and business expansion expectations for 2017.

Strategic report *(continued)*

We have seen no slowdown in the number of new independent energy suppliers entering the UK market however we have seen an improvement in the potential scale of new entrants as many of our growing pipeline are large corporate entities with ambitious growth plans.

The UK Government's target through DECC (Department of Energy and Climate Change) is for energy suppliers to install some 53 million smart meters by 2020 which is driving significant investment and opportunity to the business. The move to a digital smart grid infrastructure will drive significant future revenues and data opportunities for the business and further strengthen our market position in both our core software platforms and services.

We believe present and future UK legislation and policies will further support the expansion and development of the independent energy market within the UK, which despite the impressive growth of the independents in the past year, they still only control a combined 15% market share. We are fully engaged with DECC (Department of Energy and Climate Change), Elexon, Ofgem and Ofwat initiatives to significantly improve the energy and utilities markets through technology change, such as new faster switching principles for consumers, water competition and Half Hourly settlements. In the coming years these initiatives will of course require further software development and analytics capabilities which will allow us to further develop revenue possibilities.

Looking ahead, we believe that the growth in the energy market will be supportive of our business. We also have strong strategic levers that will enable us to deliver future years of expansion and profitable growth. In addition our new smart grid and analytics innovations provide the potential to internationalise our operations. The transformation of the UK energy market from "analogue to digital" is a one off event and will drive innovation along with opportunity and I firmly believe our people expertise, passion and the bond we have with our clients will continue to drive our business to be best in class and deliver mutual success.

Risk management objectives and policies

Risk management is an important element of the management process throughout the Group, of which Utiliserve Limited was a part during the financial year, and is considered on a Group basis. Internal controls have been developed to address the main business risks which are considered to be:

Strategic:
The company operates in a new market and seeks to ensure that it delivers effective solutions to its existing and potential clients.

Operational:
The company's most important assets are its employees, clients and Intellectual Property Rights (IPR):

Employees are recruited carefully to address the needs of the business. Appropriate training is provided to support the development of employees.

The needs of the company's clients are addressed to ensure that they are appropriate and a dedicated dispute resolution manager is employed to resolve any issues which may arise.

The company also recognises the importance of its IT infrastructure and back office systems to deliver its services. The company has the appropriate controls in place to secure its data and maximise the operational efficiency of its systems. The company also has controls in place to safeguard the IPR that it owns. The company also has established procedures to maintain its appropriate accreditations.

Controls exist to ensure information is made available to enable management to monitor the performance of the company.

Strategic report *(continued)*

Liquidity risk

The Company manages its cash in a manner designed to ensure maximum benefit is gained whilst ensuring security of investment sources. The Group's policy on investment of surplus funds is to place deposits at institutions with strong credit ratings to manage the Company's credit risk exposure.

Currency risk

The Company have overseas trade receivables which are paid in Euros directly into a Euro bank account. As the company has no overseas liabilities these monies are from time to time exchanged to sterling at spot rate.

Credit risk

The Company's credit risk is primarily attributable to trade receivables and cash.

Credit risk with respect to trade receivables is due to the Company's trading with a limited number of companies who are generally large utility companies or financial institutions though there a number of small new entrants who are a greater risk. The Company has reviewed these and does not expect in the normal course of events that these debts are at significant risk apart from the ones already provided for.

The Company is constantly concentrating on recovering certain debts which are overdue.

The directors are satisfied that the appropriate processes are in place to monitor the risks facing the group.

Approved by the Board on 1 August 2017 and signed on its behalf by:

Steve Gosling

Director

Registered No. 2931236

Directors' report

The directors present their report and financial statements for Utilisoft Limited for the year ended 31 March 2017.

Results and dividends

The profit for the year amounted to £5,664,319 (2016: £3,887,401 before exceptional items). The profit for the year after taxation amounted to £4,780,171 (2016: £2,577,956). The directors do not recommend payment of a dividend (2016: £nil).

Future developments

We have seen additional strategic investment within the business throughout the year compared with prior years in response to the expanding market and the movement to a "digital utility" market creating numerous opportunities for growth and innovation. We believe present and future UK legislation and policies will further support the expansion of our business. We are fully engaged with DECC (Department of Energy and Climate Change), Elexon, Ofgem and Ofwat initiatives to significantly improve the energy and utilities markets through technology change, such as new faster switching principles for consumers, water competition and Half Hourly settlements. In the coming years these initiatives will of course require further software development and analytics capabilities which will allow us to further develop revenue possibilities.

Research and development

The company continues to invest in research and development principally in respect of the development of software solutions to manage the industry process, dataflow and automation of core processes for energy market participants. During the current year, the company has recognised grant income of £190,569 under the Research and Development Expenditure Credit in respect of expenditure on qualifying development projects.

Going concern

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

Directors

The directors who served the company during the year were as follows:

A Green
M C Hirst
S Gosling
M Evans (resigned 13 April 2017)
J Furness (resigned 13 April 2017)
P Gelati (appointed 13 April 2017)
J Iceton (resigned 13 April 2017)

Employee involvement

Continued people development is at the core of our business philosophy. We have actively strengthened the Board and senior management team within the year and also following the yearend. We have also made a significant investment in our people with the implementation of a perpetual training and mentoring academy to ensure the future talent within the business is cultivated with care.

Directors' report *(continued)*

The Company recognises and seeks to encourage the involvement of its employees, with the aim being the recruitment, motivation and retention of quality employees throughout the Company.

The Company's employment policies, including the commitment to equal opportunity, are designed to attract, retain and motivate employees regardless of sex, race, religion or disability. Equality of treatment includes full and fair assessment of applications and extends to training and continuing career development.

The Company is committed to ensuring and communicating the requirements for a safe and healthy working environment for all employees, consistent with health and safety legislation and, wherever practicable, gives full consideration to applications for employment from disabled persons.

Charitable and political donations

Charitable cash donations of £11,164 were made in 2017 (2016: £2,492). In additional staff gave their time and contributed to Christmas gifts for local charities. No political donations were made by the Company in either year.

Disclosure of information to the auditor

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

Auditor

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

By order of the Board

Steve Gosling
Director
1 August 2017

Statement of directors' responsibilities

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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland.*

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

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

KPMG LLP
1 St Peter's Square
Manchester
M2 3AE
United Kingdom

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF UTILISOFT LIMITED

We have audited the financial statements of Utilisoft Limited for the year ended 31 March 2017 set out on pages 9 to 22. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland.*

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

Respective responsibilities of directors and auditor

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF UTILISOFT LIMITED *(continued)*

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

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.

Liam Finnigan

Liam Finnigan (Senior statutory auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 St Peter's Square
Manchester
M2 3AE
1 August 2017

Profit and loss account and other comprehensive income

for the year ended 31 March 2017

	Notes	*2017* £	*2016* £
Turnover	2	**17,076,222**	12,503,425
Cost of sales		**(525,327)**	(753,773)
Gross profit		**16,550,895**	11,749,652
Administrative expenses before exceptional items		**(11,078,396)**	(8,023,440)
Exceptional items	3	-	(1,080,022)
Other operating income	4	**190,569**	158,593
Operating profit	4	**5,663,068**	2,804,783
Interest receivable and similar income		**3,139**	4,643
Interest payable and similar charges		**(1,888)**	(2,047)
Profit before taxation		**5,664,319**	2,807,379
Taxation	7	**(884,148)**	(229,423)
Profit for the financial year		**4,780,171**	2,577,956
Other comprehensive income		-	-
Total comprehensive income for the financial year		**4,780,171**	2,577,956

All amounts relate to continuing activities.

Balance sheet

at 31 March 2017

	Notes	*2017* £	*2016* £
Fixed assets			
Intangible assets	8	**4,718,360**	2,249,120
Tangible assets	9	**1,079,318**	795,249
		5,797,678	3,044,369
Current assets			
Debtors	10	**3,829,103**	4,641,043
Stock	11	**126,076**	104,043
Cash at bank and in hand		**968,355**	1,556,919
		4,923,534	6,302,005
Creditors: amounts falling due within one year	12	**(5,160,538)**	(5,008,332)
Net current assets		**(237,004)**	1,293,673
Total assets less current liabilities		**5,560,674**	4,338,042
Provision for liabilities	13	**(627,125)**	(184,664)
Net assets		**4,933,549**	4,153,378
Capital and reserves			
Called up share capital	17	**5,000**	5,000
Profit and loss account		**4,928,549**	4,148,378
Total Shareholders' funds		**4,933,549**	4,153,378

The financial statements were approved by the Board of Directors on 1 August 2017 and are signed on their behalf by:

Steve Gosling
Director
Registered number 02931236

Statement of changes in equity

for the year ended 31 March 2017

	Share Capital £	*Retained Earnings* £	*Total* £
At 1 April 2015	5,000	1,570,422	1,575,422
Total comprehensive income for the year	-	2,577,956	2,577,956
At 31 March 2016 and 1 April 2016	5,000	4,148,378	4,153,378
Total comprehensive income for the year	-	4,780,171	4,780,171
Equity dividends paid	-	(4,000,000)	(4,000,000)
At 31 March 2017	**5,000**	**4,928,549**	**4,933,549**

Share capital arises on the issue of shares. The retained earnings reflects profits earned to date.

Notes to the financial statements

at 31 March 2017

1. Accounting policies

Basis of preparation

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland (*"FRS 102"*). The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1.

Going concern

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

Revenue

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts and other sales related taxes.

The supply of managed services are invoiced and the income is recognised when the contractual terms are met.

Group financial statements

Under the provision of section 401 of the Companies Act 2006, the Company is exempt from preparing group financial statements as it is consolidated within the financial statements of its parent undertaking and controlling party, Utiligroup Limited.

Investments

Investments are accounted for at the lower of cost or net realisable value.

The carrying values of investments are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and any recognised impairment loss. Cost comprises purchase price and other directly attributable costs. Depreciation is charged so as to write off the cost of assets to their residual values over their estimated useful lives, using the straight-line method, on the following bases:

Leasehold improvements	–	over the lease term
Fixtures and fittings	–	5 years
Equipment	–	3 years

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

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Notes to the financial statements *(continued)*

at 31 March 2017

1. Accounting policies (continued)

Goodwill

Goodwill arising on the acquisition of subsidiary undertakings and businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired is capitalised and written off on a straight-line basis over its useful economic life, which is a period of 20 years. Provision is made for any impairment.

Research and development

Expenditure undertaken by the Company on research activities is recognised in the income statement as incurred.

Expenditure on development costs which relates to the application of research to the development of new products or processes is capitalised provided that specific projects are identifiable, technically and commercially feasible and the Company has sufficient resources to complete development. Other development costs are recognised in the income statement as incurred.

The expenditure capitalised includes bought in goods and services, direct labour and attributable overheads.

Capitalised development costs are stated at cost less accumulated amortisation and provisions for impairment.

Amortisation is charged so as to write off the cost of assets to their residual values over their estimated useful lives, using the straight-line method, on the following bases: Development costs - 5 years

The company makes an annual claim under the Research and Development Expenditure Credit scheme and these costs a recognised as deferred income on the Balance Sheet. These credits are treated as grant income and are released to the Profit and Loss account in line with the applicable fixed asset depreciation policy.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

Taxation

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

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

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and

Notes to the financial statements *(continued)*

at 31 March 2017

1. Accounting policies (continued)

Taxation (continued)

the corresponding amount that can be deducted or assessed for tax. Goodwill is adjusted by the amount of such deferred tax.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that is it probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Leasing commitments

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease.

Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Cash and cash equivalents

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

Other financial instruments

Financial instruments not considered to be Basic financial instruments (Other financial instruments)

Other financial instruments not meeting the definition of Basic Financial Instruments, which include derivative assets and liabilities, are recognised initially at fair value. Subsequent to initial recognition other financial instruments are measured at fair value with changes recognised in profit.

Notes to the financial statements *(continued)*

at 31 March 2017

2. Turnover

Turnover, which is stated net of value added tax, represents amounts invoiced to third parties and is attributable to one continuing activity, as stated in the directors' report.

All turnover is generated for operations solely within the UK

Turnover analysed by category was as follows:

	2017	*2016*
	£	£
Licence and managed services	**13,449,547**	10,078,188
Professional services	**3,626,675**	2,425,237
	17,076,222	12,503,425

3. Exceptional Items

In the prior year:

The Group terminated an ongoing royalty agreement paying £1,025,000 as a full and final termination payment. The estimated future annual saving at the time of termination was £178,000 per annum.

Exceptional legal fees and property costs for £55,022 were incurred in the prior year relating to the head office relocation.

There are no exceptional items for the current year.

4. Operating profit

Profit from operations is stated after charging:

	2017	*2016*
	£	£
Depreciation of owned fixed assets	**403,640**	194,097
Amortisation of intangible assets	**300,482**	290,306
Operating lease rentals – buildings	**271,754**	174,083
Research and development expenditure credit claim	**(190,569)**	(158,593)
Auditors' remuneration:		
Audit	**22,500**	20,000
Tax and related services	**15,475**	10,500

Notes to the financial statements *(continued)*

at 31 March 2017

5. Staff costs

	2017	2016
	£	£
Wages and salaries	**5,360,988**	4,331,009
Social security costs	**836,589**	582,107
Other pension costs	**340,284**	211,426
	6,537,861	5,124,542

The average monthly number of employees during the year was made up as follows:

	2017	2016
	No.	No.
Administration	**203**	139

6. Directors' emoluments

	2017	2016
	£	£
Total emoluments (excluding pension contributions)	**1,045,916**	752,500
Pension contributions	**69,199**	23,300
Other benefits	**4,392**	6,295
Total	**972,648**	782,095
Emoluments of the highest paid Director		
Total emoluments (excluding pension contributions)	**197,479**	168,750
Pension contributions	**26,537**	6,750
Other benefits	**910**	684
Total	**224,926**	176,184

Notes to the financial statements *(continued)*

at 31 March 2017

7. Taxation

(a) Total tax expense recognised in the profit and loss account, other comprehensive income and equity:

	2017	2016
	£	£
Current tax:		
UK corporation tax at 20% (2016: 20%)	**441,687**	-
Total current tax	**441,687**	-
Deferred tax:		
Origination and reversal of timing differences	**425,031**	318,681
Effect of decreased tax rate on opening balance	**(11,888)**	20,518
Adjustments in respect of prior periods	**29,318**	(109,776)
Total deferred tax	**442,461**	229,423
Total tax	**884,148**	229,423

All tax is recognised within the profit and loss account for the current and prior year.

(b) Factors affecting total tax for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 20% (2016: 20%). The differences are explained below:

	2017	2016
	£	£
Profit on ordinary activities before tax	**5,664,319**	2,807,379
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2016: 20%)	**1,132,864**	561,476
Effects of:		
Expenses not deductible for tax purposes	**5,657**	7,200
Effect of change in tax rate	**(1)**	(20,518)
Additional adjustment for R&D expenditure	**32,884**	(20,867)
Group relief claimed	**(230,808)**	(188,809)
Capital allowances in excess of depreciation	**1,127**	-
Other timing differences	**-**	717
Adjustment in respect of prior periods	**29,318**	(109,776)
Utilisation of tax losses and other deductions	**(86,893)**	-
Total tax expense included in the profit and loss account	**884,148**	229,423

Notes to the financial statements *(continued)*

at 31 March 2017

7. Taxation (continued)

(c) Deferred tax

	£
At 1 April 2016	(184,664)
Provided during the year	(442,461)
Adjustments in respect to prior year	-
At 31 March 2017 (note 13)	(627,125)

(d) Factors that may affect future tax charges

The rate of UK corporation tax that was enacted at the balance sheet date was 20%. The UK government has previously announced that the UK corporation tax rate will reduce further to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020), these reductions were substantively enacted on 26 October 2015. An additional reduction to 17% (effective from 1 April 2020) was confirmed again in the Budget on 8 March 2017.

Deferred tax assets and liabilities on all timing differences have been calculated at 18% being the rate of UK corporation tax enacted at the balance sheet date/at which they are expected to reverse.. The impact of the above changes will reduce the company's future current tax charge and deferred tax liability accordingly, the impact of which is not considered to be material

8. Intangible assets

	Goodwill £	*Development Expenditure* £	*Total* £
Cost			
At 1 April 2016	675,000	3,074,107	3,749,107
Additions	-	2,769,722	2,769,722
At 31 March 2017	675,000	5,843,829	6,518,829
Amortisation			
At 1 April 2016	675,000	824,987	1,499,987
Charge for the year	-	300,482	300,482
At 31 March 2017	675,000	1,125,469	1,800,469
Net book value			
At 31 March 2017	-	**4,718,360**	**4,718,360**
Net book value			
At 31 March 2016	-	2,249,120	2,249,120

Notes to the financial statements *(continued)*

at 31 March 2017

9. Tangible assets

	Short-leasehold property	*Plant and machinery*	*Total*
	£	*£*	*£*
Cost:			
At 1 April 2016	25,921	1,146,376	1,172,297
Additions	6,916	680,794	687,710
Disposals	-	-	-
At 31 March 2017	32,837	1,827,170	1,860,007
Depreciation			
At 1 April 2016	3,524	373,525	377,049
Charge for the year	6,312	397,328	403,640
Disposals	-	-	-
At 31 March 2017	9,836	770,853	780,689
Net book value:			
At 31 March 2017	**23,001**	**1,056,317**	**1,079,318**
At 31 March 2016	22,397	772,852	795,249

10. Trade & other debtors

	2017	2016
	£	£
Trade debtors	**3,483,829**	2,138,300
Amounts owed by group undertakings	-	2,019,435
Prepayments and accrued income	**345,274**	247,637
Research and development grant receivable	-	171,008
Corporation tax debtor	-	64,663
	3,829,103	4,641,043

11. Stock

	2017	2016
	£	£
Companies held for resale	**126,076**	104,043

Companies held for resale represent costs incurred in achieving accredited energy supplier status for Limited companies held for sale.

Notes to the financial statements *(continued)*

at 31 March 2017

12. Trade and other creditors

	2017	*2016*
	£	**£**
Trade creditors	**413,690**	1,409,571
Other taxes and social security costs	**1,855,014**	702,122
Other creditors	**66,325**	43,181
Corporation Tax creditor	**22,035**	-
Deferred income	**2,019,177**	2,213,620
Accruals	**784,297**	639,838
	5,160,538	5,008,332

Included within other creditors is £66,325 relating to outstanding contributions payable to the pension scheme (2016: £43,181).

13. Provisions for liabilities

Deferred taxation provided in the financial statements are as follows:

	2017	*2016*
	£	**£**
Fixed asset timing differences	**(634,466)**	(221,147)
Other timing differences	**7,341**	36,483
Losses and other deductions	**-**	-
	(627,125)	(184,664)

There are no unrecognised deferred tax assets or liabilities.

13. Provisions for liabilities (continued)

	£
At 1 April 2016 (note 10)	(184,664)
Provided in the year	(442,461)
At 31 March 2017	(627,125)

14. Commitments under operating leases

Future minimum rentals payable under non-cancellable operating leases are as follows:

	2017	*2016*
	Land and buildings	
	£	**£**
Within one year	**307,483**	195,205
In two to five years	**1,066,274**	781,355
Over five years	**905,517**	858,903
	2,279,274	1,835,463

Notes to the financial statements *(continued)*

at 31 March 2017

15. Share-based payment transactions

The share options relate to the previous parent Company. The exercise price is the market value of the shares at the date of grant. The vesting period is three years. If the options remain unexercised after a period of ten years from the date of grant the options expire.

A reconciliation of option movements over the year to 31 March 2017 and 31 March 2016 is shown below:

	2017		2016	
	Number	***Weighted average exercise price***	*Number*	*Weighted average exercise price*
Outstanding at 1 April	-	-	603,135	13.2p
Granted during the year	-	-	-	-
Forfeited in the period	-	-	(603,135)	13.2p
Exercised in the period	-	-	-	-
Outstanding at 31March	-	-	-	-
Exercisable at 31 March	-	-	-	-

16. Related party transactions

The company has taken advantage of the exemption available under FRS 102 not to disclose transactions with other group companies which meet the criteria that all subsidiary undertakings which are party to the transactions are wholly owned by the ultimate controlling parent.

Transactions with key management are disclosed below:

At 31 March 2017 no directors held share options.

NorthEdge Capital Partners, the ultimate controlling party received management fees of £60,000 in the year. At the year-end nothing was owed to NorthEdge Capital Partners.

17. Share capital

	2017	2016
	No	No
Authorised:		
250,000 Ordinary 'A' shares of £0.01	**250,000**	250,000
250,000 Ordinary 'B' shares of £0.01	**250,000**	250,000
	500,000	500,000

	2017	2016
	£	£
Allotted, called up and fully paid:		
250,000 Ordinary 'A' shares of £0.01	**2,500**	2,500
250,000 Ordinary 'B' shares of £0.01	**2,500**	2,500
	5,000	5,000

Notes to the financial statements *(continued)*

at 31 March 2017

17. Share capital (continued)

A and B class shares have equal voting rights of 1 vote per share.

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

18. Ultimate parent company

The company is a wholly owned subsidiary of Utiligroup Holdings Limited, a company incorporated in England & Wales. Utiligroup Limited is the ultimate controlling party. Utiligroup Limited is both the smallest and largest group for which group financial statements are prepared and in which the company is included. A copy of the financial statements can be obtained from the Registrar of Companies, Cardiff.

Following the company sale by its owners on 14th April 2017, the Ultimate parent is now Accel-KKR by virtue of its controlling holding in ESG-Utiligroup Holdings LLC.

19. Dividends

It was agreed by the board that a dividend would be paid to the parent company, Utiligroup Holdings Limited, totalling 4,000,000 being £8 per share in issue. No further dividends where proposed or received during the period.

20. Post Balance Sheet Events

On the 14th April 2017, the company ultimate parent was acquired by Lytham Bidco Ltd.