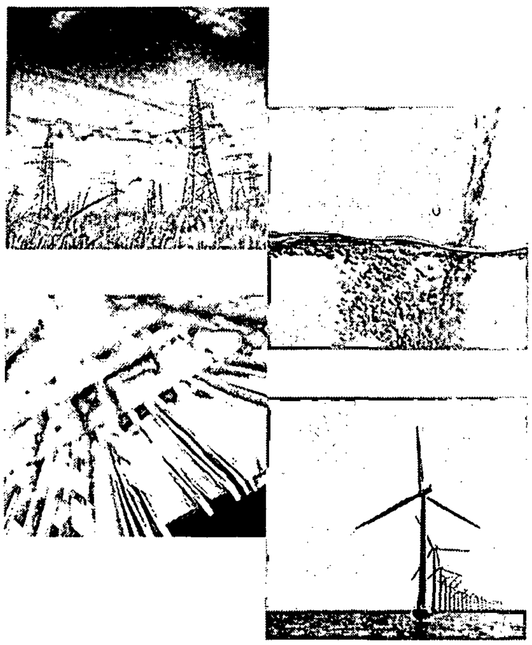
ENSERVE™

Annual report and financial statements

Year ended 30 April 2014



ENERGY. ENVIRONMENT. ENGINEERING

EnServe Group Limited

Annual report and the financial statements
For the year ended 30 April 2014

Contents

EnServe Group Limited

Corporate information

Directors
David Cruddace
Chief Executive Officer
Company Secretary

David Humphreys
Chief Financial Officer

Thilo Sauter – Cinven Partners LLP
Non-Executive Director
Chairman of the Audit Committee
Chairman of the Remuneration Committee

Sir Roy Gardner
(Resigned 31 July 2014)
Chairman
Member of the Audit Committee
Member of the Remuneration Committee

David Owens
(Resigned 1 November 2013)
Non-Executive Director

Yalin Karadogan– Cinven Partners LLP
(Resigned 31 October 2013)
Non-Executive Director
Chairman of the Audit Committee
Chairman of the Remuneration Committee

Simon Rowlands – Cinven Partners LLP
(Resigned 25 March 2014)
Non-Executive Director
Chairman of the Audit Committee
Chairman of the Remuneration Committee

Independent auditors
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Chartered Accountants and Statutory Auditors
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Company number
03250709

On 20 November 2007, Sir David Walker published his "Guidelines for Disclosure and Transparency in Private Equity" (the "Walker Report"). Funds advised by Cinven Limited have a controlling interest in the Company and EnServe Group Limited is considered a portfolio company as defined by the Walker Report. This annual report and the financial statements have been prepared in the context of those recommendations.

Strategic report for the year ended 30 April 2014

The directors present their strategic report and directors' report together with the audited financial statements for the year ended 30 April 2014.

Principal activities
The principal activities of the Group and the Company are the provision of water, electricity and utility services and billing consultancy services. The Group operates primarily within the United Kingdom. The subsidiary undertakings principally affecting the profits or net assets of the Group are listed on page 55.

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Business review and future developments
We aim to present a balanced and comprehensive review of the Group's performance and development during the year and its position at the year end. Our review is consistent with the size and nature of our business and also covers the principal risks and uncertainties faced by the Group.

Group corporate activity
The Company completed the disposal on 4 September 2013 of its subsidiary Inenco Holdings Limited, the energy division. The consideration repaid in full all the Group's outstanding bank debt and provided additional investment to the remaining businesses.

Utility division
Utility Services Group
The Water business, rebranded as Utility Services Group ("USG") during the year, is a national provider of clean and dirty water meter operations and services to utility, industrial and commercial clients and is organised around three businesses; H20 Water Services Limited, Metro Rod Limited and Meter U Limited. The services provided include:

- Meter installations, replacements and reading;
- Meter data management systems;
- Pressure management;
- Sewerage network services;
- Network resilience and optimisation;
- Leakage detection and repair;
- New water supplies and connections;
- Water regulation and rectification audits;
- Drain and environmental management services incorporating both planned and reactive maintenance;
- Drain and sewer surveillance and repairs; and
- Commercial plumbing activities.

Metro Rod Limited had a record year both in turnover and profit. Growth was driven through the re-securing of long term water utility contracts and continued expansion in the commercial facilities management market.

H20 Water Services Limited experienced revenue growth due to the full year impact of the Thames Water Private Sewers contract and continued development of its relationship with a leading global security specialist. The key strategic change in the business is to now concentrate its activities on lower volume, higher margin work, with lower associated risk.

Meter U Limited saw significant profit growth in the year supported by the full year effect of meter reading contracts secured in the previous year. In March 2014 the business commenced providing Meter Data Management Services to a client in Southern Ireland.

Utility Services Group (continued)
The USG business and individual business management teams have been strengthened throughout the year by recruiting highly skilled individuals for key roles. This investment in people will be critical for the business to stay ahead of the competition and continue to drive profitable growth. The division continues to invest in IT infrastructure in order to enhance its service offering whilst also providing a robust operational base to support growth.

Electricity business
The business provides specialist engineering services to the UK DNO (Distribution Network Operators) sector and to industry. The business operates principally under the Freedom and British Power International brands and provides a comprehensive range of services for major utility and infrastructure projects, including design, project and operational management and technical expertise. The business provides the following services:

- Electrical and civil engineering design and project management;
- Structural engineering;
- Wayleaves and consents;
- Substation design and build services including full engineering responsibility;
- Rebuild and refurbishment of overhead lines and underground distribution systems at all distribution voltages;
- Electrical asset replacement and refurbishment tasks such as high voltage substation and switchgear replacements, jointing and substation rewiring;
- "Round the clock" care and maintenance of high voltage substations and equipment, operational facilities, remote sites and occupied premises and grounds;
- Maintenance and construction of private electrical networks for industrial clients, wind farms, hydro electrical schemes and other renewable generators;
- High voltage electrical contestable connections; and
- Specialist "Renewables" connections.

The business is closely aligned to the spend patterns of the DNO regulatory investment cycle and has a substantial order book comprising of large long term framework contracts and shorter term build/refurbishment contracts. The business has a dedicated work-winning team focused on strengthening existing customer relationships and increasing market share in non-DNO utility sectors such as defence, security and airports in the future.

During the year the business continued to grow with revenues up 14%, although the underlying performance was impacted by significant contract and performance issues within one particular business unit for which the directors believe they have made suitable provisions. The business has invested further in the operations and commercial senior management teams to further manage project performance through the expansion of operational controls and project reporting.

<u>Analytics division</u>
The analytics division had a strong year, characterised by the sales of new services in the Gas and Water markets, as well as contract wins with new clients and contract extensions with existing clients.

Having refocused the business on its core offering, being the identification of energy imbalance, management set out a clear strategy of developing its bespoke software, to become a meter point consumption data management tool. This development is being undertaken whilst the business continues with its core bureau service.

<u>Energy division</u>
The energy division was disposed of in full on 4 September 2013 to private equity fund Vitruvian Partners LLP, Intermediate Capital Group Plc and the energy management team. The division was sold for £143.3 million and generated a profit on disposal within the EnServe Group consolidated accounts, of £98.4 million. Further detail is shown in note 6.

Performance of the Group

Utility division
The utility division revenue for the year was £222.4 million (2013: £208.5 million), EBITA was £ 0.4 million (2013: £3.7 million) and adjusted EBITA was £4.7 million (2013: £8.0 million).

The increase in revenue is due to increased maintenance and civils activities completed under the framework contracts, increased focus on the provision of maintenance and construction of UK power distribution design and completion of a number of large renewable power projects within the Electricity business. The USG business has grown due to increasing utility meter data collection and data management service offerings, strengthening of the Pressure Management business stream within Meter U Limited and significant market sector diversification within the Metro Rod Limited business. The reduction in EBITA is due to additional contract provisions required within a part of the overhead lines sub-division within the Electricity business. The wider Electricity business continued to strengthen and outperform prior year trading levels.

Exceptional costs incurred within the Electricity business predominantly relate to the contract provisions required against irrecoverable work in progress balances totalling £5.5 million (2013: £0.5 million) and one off business performance consultancy costs of £1.3 million (2013: £nil).

Exceptional costs incurred within the USG business predominantly relate to further defects work and rectification on two contracts exited in 2012 for Yorkshire Water and United Utilities of £1.6 million (2013: £2.3 million), for which the directors believe adequate provisions have now been made.

Analytics division
The analytics division revenue for the year was £1.6 million (2013: £1.3 million), EBITA was £0.6 million (2013: loss £0.4 million) and adjusted EBITA was £0.7 million (2013: loss £0.3 million). Following two years of operating losses the current year has delivered an operating profit before exceptional costs of £683,000 (2013: loss £232,000).

Energy Division
The energy division was sold on 4 September 2013. During the four months of ownership the revenue was £10.5 million (full year 2013: £32.3 million), EBITA was £2.5 million (full year 2013: £13.9 million) and adjusted EBITA was £2.5 million (full year 2013: £14.7 million). All of the energy division results are included within discontinued operations.

Revenue values disclosed within the divisional analysis above includes £1.9 million (2013: £0.4 million) of inter-divisional trading.

Key performance indicators (KPIs)
The Directors consider divisional adjusted EBITA, EBITA, net debt and cash conversion to be the principal measures of financial performance in relation to the Group. The adjusted EBITA is net of central costs for the Group's operating divisions.

Reported EBITA comprises profit on ordinary activities before interest, tax, exceptional items, and amortisation and impairment of intangible fixed assets.

Adjusted EBITA comprises reported EBITA excluding allocated central costs of £4.3 million (2013: £5.4 million).

Strategic report for the year ended 30 April 2014 (continued)

Key performance indicators (KPIs) (continued)

Performance for these KPIs was as follows:

	2014 £'m	2013 £'m
Utility adjusted EBITA	**4.7**	8.0
Analytics adjusted EBITA	**0.7**	(0.3)
Energy adjusted EBITA (2014: four months, 2013: twelve months)	**2.5**	14.7
Group reported EBITA (total of continuing and discontinued)	**2.9**	16.2
Group reported EBITA (continuing only)	**0.4**	2.4
Group reported EBITDA (continuing only)	**2.7**	4.3
Net cash/(debt) (continuing only)	**24.5**	(72.2)

Included in continuing activities, within the utility division, is £2.1 million contract provisions incurred in the year, which without these, the underlying continuing Group reported EBITDA would have increased by £2.1 million to £4.2 million.

For the same reasons as above, without the £2.1 million contract provisions incurred in the year, the underlying Group continuing EBITA would have increased to £2.5 million equating to an underlying EBITA margin of 1.1%.

The Group's operating businesses also have in place a number of non-financial KPIs as set out below. KPIs for the utility division are focused on health and safety. KPIs for the analytics division are focused on data management.

Utility division health and safety KPIs

	2014	2013	Favourable/ (adverse) %
RIDDOR reportable incidents *	**10**	15	33%
Lost time incidents	**12**	14	14%
AFR**	**0.11**	0.18	39%
LTIFR***	**0.26**	0.34	24%
Injury to the public	**1**	8	88%

Key Industry Measure:
* RIDDOR – reporting of injuries, diseases and dangerous occurrences Regulations 1995.
** AFR – accident frequency rate, total reportable injury frequency rate per 100,000 employees.
*** LTIFR – loss time incident frequency per 100,000 employees.

Head office
Head office costs excluding exceptional items were £6.6 million (2013: £6.4 million) and comprise mainly salaries, including the Group's IT and HR functions and professional costs.

Acquisitions
There were no corporate acquisitions made in the year ended 30 April 2014 (2013: none).

Continuing and discontinued activities

Continuing activities comprise the Group's analytics and utility divisions. The discontinued activities comprise four months trading of the energy division prior to its disposal on 4 September 2013. These activities have been presented as discontinued operations in the consolidated income statement.

Profit on ordinary activities before interest, tax, depreciation, exceptional costs and amortisation of intangible fixed assets (EBITDA)

EBITDA for the continuing Group operations reduced by 51.2% to £2.1 million (2013: £4.3 million) as a result of contract provisions incurred in year.

Profit on ordinary activities before interest, tax, exceptional costs and amortisation of intangible fixed assets (EBITA)

EBITA for the continuing Group operations reduced to £0.4 million (2013: £2.4 million).

EBITA operating margins for the Group from continuing activities reduced to 0.2% (2013: 1.1%).

Exceptional items

The continuing Group has incurred exceptional costs of £12.3 million (2013: £28.4 million) in the year, of which £5.5 million (2013: £0.5 million) relates to the write off of irrecoverable work in progress balances. A further £1.6 million (2013: £2.3 million) being costs associated with exiting the Yorkshire Water and United Utilities contracts from April 2012 within the USG business and £1.8 million (2013: £0.9 million) in relation to non-recurring legal and professional consultancy fees. These costs have been separately identified on the face of the consolidated income statement.

Finance expenses (current and exceptional)

Current finance expenses for the year were £2.9 million (2013: £8.7 million). The reduced costs reflect the full repayment of the external debt of £123.7 million on 4 September 2013, of which £93.1 million related to the debt held by EnServe, the balance being held within EnServe's parent company.

Exceptional finance expenses of £4.9 million (2013: £nil) relate to the charge of the remaining 2010 prepaid banking arrangement fees and the termination of the interest rate swap.

Loss on ordinary and continuing activities before tax

Loss on ordinary and continuing activities before tax was £3.3 million (2013: £11.5 million).

Tax

The Group's total tax credit in 2014 of £5.4 million (2013: £12.2 million) is due to the release in full of the £2.0 million Group corporation tax provision and the recognition of a £2.6 million deferred taxation asset following trading losses accounted for within the utility services division, which will be utilised within the next 12 months. In 2013, the £12.2 million tax credit was due to the receipt of £4.3 million of prior year tax over payments, the £2.9 million release of Group corporation tax provisions and a £5.0 million reduction of the deferred tax liability.

During the year, the Group received £0.3 million (2013: £4.3 million) of tax repayments in relation to over payments of corporation tax in prior years.

The profit from discontinued operations

The profit from discontinued operations of £100.9 million consists of the gain on disposal of the energy division of £98.4 million (see note 6) and £2.5 million profit generated by the energy division whilst under direct ownership of the Group from 1 May 2013 to 3 September 2013. In 2013, the value of £12.3 million consists entirely of the profits generated by the energy division during the financial year ended 30 April 2013.

Balance sheet
Net assets have increased to £104.7 million (2013: £19.9 million) due to the repayment of all external debt within the Company and EnServe's parent company totalling £123.7 million and partially offset by the carrying value of the disposed energy division at the EnServe consolidated position.

External net cash/ (debt) at 30 April 2014 was £24.5 million (2013: £ (72.2) million) principally due to the repayment of all external debt within the Company and EnServe's parent company totalling £1.7 million.

Cash flow
Net cash outflows from continuing operations were £8.6 million (2013: inflow £1.1 million). During the year, continuing operations net working capital decreased by £0.1 million (2013: £3.2 million).

During the year the energy division was sold generating cash proceeds of £143.3 million. The working capital and cash balances held within the energy division were included within the share sale, resulting in £4.7 million of cash disposed of with the subsidiary undertaking.

Accounting policies
The Group's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union. The Group's significant accounting policies have been applied consistently throughout the year and are described on pages 22 to 29.

Principal risks and uncertainties
Significant risks facing the Group include:

- Regulatory (regulatory risks) – the Group operates within markets which are subject to extensive laws and regulations. These laws and regulations continue to change and evolve, as must EnServe processes, procedures and systems.

- Health and safety (operational and quality risks) – many of our markets are extensively regulated due to the dangerous nature of activities undertaken by the Group. The Group may suffer injuries and fatalities even if all processes, procedures and regulations are complied with.

- People (people risks) – EnServe provides support services to its customers. These services are principally delivered by employees but also using subcontractors. In some of the EnServe markets, severe skill shortages exist and in order to continue to grow and prosper, the Group needs to be able to retain existing employees whilst also continuing to access new pools of talented and skilled resources.

- Competition (operational and quality risks) – EnServe seeks to maintain long term relationships with its customers and typically operates via contracts whose duration is for between one and five years. At any point in time, some of the Group's contracts will be in the process of retender and renewal. The Group has a good track record of renewing key customer contracts; however, the markets within which EnServe operates are competitive.

- Innovation (operational and quality risks) – on a number of contracts, EnServe has been incumbent for many years. Over this time, the Group has been able to successfully innovate in order to improve the effectiveness and efficiency of its service delivery. Our customers continue to demand innovative solutions and therefore we must continue to innovate to maintain our position.

- Financial, operational and management information systems (financial risks and operational risks) – the efficient operation and management of the Group depends on the proper operation and performance of financial, operational and management information systems. Any failure in such systems may result in a loss of control and adversely impact EnServe's ability to operate effectively and to fulfil its contractual obligations.

Principal risks and uncertainties (continued)

- Contract management (operational and quality risks) – the Group operates a number of significant framework and individual contracts which requires strong commercial management. The Group continually strives to improve the commercial acumen and awareness of its managers to ensure the delivery of profitable contracts, however this remains a risk.

- Key personnel (people risks) – EnServe has in place an experienced and motivated senior management team and considers that its management team has strength in depth. However, the loss of a significant number of key personnel could have an adverse impact on the Group's operations, reputation, customer relationships and future prospects.

By order of the Board

David Humphreys
Director
29 August 2014

EnServe Group Limited

Directors' report for the year ended 30 April 2014

The Directors present their report and the audited consolidated financial statements of EnServe Group Limited (the Company) and of the Group (subsidiary undertakings of the Company) for the year ended 30 April 2014.

Results
The Strategic report, reports on the results of the Group for the year ended 30 April 2014.

Dividend
No dividend is proposed in respect of the year ended 30 April 2014 (2013: £nil).

Review of business and future developments
The Strategic report, reports on the performance of the Group during the year ended 30 April 2014 and its future prospects.

Financial risk management
Financial risk management in EnServe Group Limited, which includes the Company, is discussed within the Strategic report.

Directors and their interests
The Directors of the Company who were in office during the year and up to the date of signing the financial statements are listed on page 2.

Policy and practice on payment

The Group's policy concerning the payment of suppliers is either to agree terms of payment of creditors at the start of business with each supplier or to ensure that the supplier is aware of the Group's standard payment terms and, in either case, to pay in accordance with its contractual or other legal obligations. The Group's trade creditors at 30 April 2014 were equivalent to 63 days of purchases (2013: 59 days).

Charitable and political donations
During the year the Group made charitable donations of £1,230 (2013: £1,460). The Group did not make contributions to any political parties (2013: £nil).

Share capital
As at 30 April 2014, the Group had 358,328,864 ordinary shares of 2 pence each in issue (2013: 358,328,864). These shares are wholly owned by Cilantro Acquisitions Limited, the acquisition vehicle through which Cinven Limited's funds acquired EnServe Group Limited. The rights and obligations attaching to the Company's ordinary shares are set out in its Articles of Association. Each share in issue has equal rights and there are no restrictions on the voting rights attaching to the Company's ordinary shares or on the transfer of securities in the Company. Full details of the authorised and issued share capital of the Company, are set out in note 17 to the financial statements.

Significant contracts and change of control
The Group has in place various contractual arrangements and relationships with a number of parties comprising customers, suppliers and the banks. Such contracts are considered essential to the business of the Group and include:

- The provision of services to our customers which are generally determined by term contracts of varying lengths;
- The sourcing of IT and communication services and materials from suppliers and also sub-contract service providers; and
- Syndicated facilities in place with banks for the provision of working capital, revolving credit facilities and commercial bond facilities.

The Group's banking facilities may require immediate repayment in the event of a change of control.

Financial instruments

Full details of the Group's risk management policies and its exposure to financial risk are set out in note 16 to the financial statements.

Directors' indemnities and Directors' and Officers' insurance

A qualifying third party indemnity provision as defined in Section 234 of the Companies Act 2006 is in force, during the financial year and at the date of approval of the financial statements, for the benefit of each of the directors and the Company secretary in respect of liabilities incurred as a result of their office, to the extent permitted by law. In respect of those liabilities for which directors may not be indemnified, a directors' and officers' liability insurance policy was maintained throughout the financial year for the Group by Cilantro Acquisitions Limited, the immediate parent company.

Directors' conflicts of interest

The Directors have adopted a policy on conflicts of interest and established a register of such conflicts. These procedures have operated since introduction in October 2008.

Employees

The Group is an equal opportunity employer, operating principally in UK with an average of 1,866 employees. We actively look to promote equal opportunities for all employees and we do not discriminate on grounds of colour, sex, ethnic origin, gender, age, religious belief, disability, sexual orientation or marital status. The Group expects its employees to act with a high degree of dignity, respect, integrity and commitment in all their business activities. A diversity training programme has been developed and is practised throughout the Group.

We encourage our employees to develop new and existing skills by offering training and development. Our aim is to create, develop and lead highly motivated teams who possess the competencies required to meet our business needs and in turn those of our customers. We believe that our efforts have been recognised with accreditation to Investors in People in a number of our businesses and our aim is that all our businesses will meet the standards required for full accreditation.

In all aspects of our business we seek to operate in compliance with laws, rules and regulations and for our employees to work in a manner that is professional, ethical, fair and open. Our employees are encouraged to report any activities in breach of these principles through the Group's whistle blowing policy.

The Group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various issues affecting the performance of the Group. The Group continues its policy and practice of informing and consulting its employees through the Company's intranet and work based meetings.

Disabled employees

Applications for employment by disabled persons are always fully considered bearing in mind the aptitudes of the applicant concerned. In the event of an employee becoming disabled, every effort is made to ensure that his/her employment with the Group continues and that where necessary, appropriate re-training is arranged. It is the policy of the Group that the training, career development and promotion of disabled persons should, as far as possible in the circumstances of each particular case, be the same as that of other employees. Both employment and policy in the Group are based on non-discrimination and equal opportunities.

Environmental issues

The Group is committed to the promotion of environmental initiatives and minimising the environmental impact of its businesses. The Group is committed to reducing the impact of its operations on the environment. Our industry is energy intensive and to satisfy the requirements of our customers requires high levels of transport usage. Through focusing on creating an efficient and sustainable business the Group is taking steps to reduce its ongoing carbon footprint.

The Group's objective is to recycle as much of our waste as possible and we monitor this at a regional level. Our industry does produce some specialist wastes that require handling in a prescribed manner for safety reasons and the Group is committed to ensuring that any such materials are dealt with appropriately.

Social and community issues

As mentioned above the Group does not make any political contributions but is active in the communities in which it is based and supports charitable causes in the industries which it serves. A number of local causes are supported by a mixture of direct contribution and staff involvement.

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 the Company and of the profit or loss of the Group and 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 accounting estimates that are reasonable and prudent;
- state whether applicable International Financial Reporting Standards (IFRSs) as adopted by the European Union 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 are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors' report for the year ended 30 April 2014 (continued)

Statement of directors' responsibilities (continued)
The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Audit information
The Directors confirm that, so far as they are aware, there is no relevant audit information of which the auditors are unaware and that each Director has taken all reasonable steps to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information. A statement by the Directors of their responsibilities for preparing the consolidated financial statements is included in the Directors' responsibilities' statement.

Independent auditors
Our independent auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office. In accordance with section 487 of the Companies Act 2006, a resolution to re-appoint PricewaterhouseCoopers LLP as the Company's auditors will be proposed at the forthcoming Annual General Meeting.

By order of the Board

David Humphreys
Director
29 August 2014

Independent auditors' report to the members of EnServe Group Limited - Group

Report on the group financial statements

Our opinion

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the Group's affairs as at 30 April 2014 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited

The group financial statements (the "financial statements"), which are prepared by EnServe Group Limited, comprise:

- the consolidated balance sheet as at 30 April 2014;
- the consolidate income statement for the year ended;
- the consolidated statement of comprehensive income for the year ended;
- the consolidated statement of changes in equity for the year ended;
- the consolidated cash flow statement for the year ended;
- the accounting policies; and
- the notes to the financial statements, which include other explanatory information.

The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union.

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the Group's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Independent auditors' report to the members of EnServe Group Limited - Group

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 for which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion, we have not received all the information and explanations we require for our audit. We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of directors' responsibilities set out on pages 12 and 13, 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 ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other matter

We have reported separately on the company financial statements of EnServe Group Limited for the year ended 30 April 2014.

N W E Boden (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester
29 August 2014

EnServe Group Limited

Consolidated income statement for the year ended 30 April 2014

	Note	2014 Continuing operations £'m	2014 Exceptional items (note 2) £'m	2014 Total £'m	2013 Continuing operations £'m	2013 Exceptional items (note 2) £'m	2013 Total £'m
Revenue	1	**222.1**	—	**222.1**	210.2	—	210.2
Operating expenses		**(222.5)**	**(12.3)**	**(234.8)**	(213.0)	(28.4)	(241.4)
Operating loss	2	**(0.4)**	**(12.3)**	**(12.7)**	(2.8)	(28.4)	(31.2)
Amortisation and impairment of intangible fixed assets	2	**0.8**	—	**0.8**	5.2	20.1	25.3
EBITA*		**0.4**	**(12.3)**	**(11.9)**	2.4	(8.3)	(5.9)
Loss before finance costs		**(0.4)**	**(12.3)**	**(12.7)**	(2.8)	(28.4)	(31.2)
Finance costs	4	**(2.9)**	**(4.9)**	**(7.8)**	(8.7)	—	(8.7)
Loss before tax		**(3.3)**	**(17.2)**	**(20.5)**	(11.5)	(28.4)	(39.9)
Tax credit	5			**5.4**			12.2
Loss for the year from continuing operations				**(15.1)**			(27.7)
Profit for the year from discontinued operations (net of tax)	6			**100.9**			12.3
Profit/(loss) for the year				**85.8**			(15.4)

	2014 £'m	2013 £'m
Attributable to:		
Owners of the parent	**85.8**	(15.1)
Non-controlling interest	—	(0.3)
	85.8	(15.4)

*EBITA comprises profit/ (loss) on ordinary activities before interest, tax, exceptional items and amortisation and impairment of intangible fixed assets.

The notes to the financial statements are an integral part of the financial statements.

EnServe Group Limited

Consolidated statement of comprehensive income for the year ended 30 April 2014

	2014	2013
	£'m	£'m
Other comprehensive income		
Cash flow hedge	**(1.0)**	1.0
Other comprehensive income (net of tax)	**(1.0)**	1.0
Profit/(loss) for the year	**85.8**	(15.4)
Total comprehensive income for the year	**84.8**	(14.4)

Attributable to:		
Owners of the parent	**84.8**	(14.1)
Non-controlling interest	—	(0.3)
Total comprehensive income for the year	**84.8**	(14.4)

EnServe Group Limited

Consolidated balance sheet as at 30 April 2014

	Note	2014 £'m	2013 £'m
Assets			
Non-current assets			
Intangible fixed assets – purchased goodwill	7	**46.1**	46.1
Intangible fixed assets – other	7	**4.0**	3.9
Investment in joint venture	8	—	—
Property, plant and equipment	9	**6.7**	8.3
Deferred tax assets	15	**3.0**	0.4
Trade and other receivables	11	**3.7**	3.5
		63.5	62.2
Current assets			
Inventories	10	**9.3**	9.6
Trade and other receivables	11	**56.8**	45.0
Cash and cash equivalents		**24.5**	20.9
		90.6	75.5
Assets of disposal Group classified as held for sale	6	—	56.7
		90.6	132.2
Total assets		**154.1**	194.4
Liabilities			
Current liabilities			
Trade and other payables	12	**(47.5)**	(68.3)
Current tax payable		—	(2.0)
Derivative financial instruments	16	—	(1.0)
Financial liabilities	13	—	(6.5)
Provisions for liabilities	14	**(1.6)**	—
		(49.1)	(77.8)
Liabilities of disposal Group classified as held for sale	6	-	(9.3)
		(49.1)	(87.1)
Non-current liabilities			
Financial liabilities	13	—	(86.6)
Deferred tax liabilities	15	**(0.3)**	(0.8)
		(0.3)	(87.4)
Total liabilities		**(49.4)**	(174.5)
Net assets		**104.7**	19.9

EnServe Group Limited

Consolidated balance sheet as at 30 April 2014

	Note	**2014** £'m	2013 £'m
Capital and reserves attributable to owners of the parent			
Share capital	17	**7.2**	7.2
Share premium account	18	**99.5**	99.5
Capital redemption reserve	19	**0.1**	0.1
Merger reserve	20	**37.9**	37.9
Hedge reserve	21	**—**	1.0
Accumulated losses	22	**(40.0)**	(125.8)
Total equity		**104.7**	19.9

The financial statements on pages 16 to 48 were approved by the Board of Directors on 29 August 2014 and were signed on its behalf by:

David Humphreys
Chief Finance Officer

Company registered number 03250709

EnServe Group Limited

Consolidated statement of changes in shareholders' equity for the year ended 30 April 2014

		Attributable to owners of the parent						
	Non-controlling interest	Share capital	Share premium account	Capital redemption reserve	Merger reserve	Hedge reserve	Accumulated (losses)/ profits	Total equity
	£'m	£'m	£'m	£'m	£'m	£'m	£'m	£'m
Balance at 1 May 2012	(0.4)	7.2	99.5	0.1	37.9	—	(110.0)	34.3
Loss attributable to the owners of the parent	—	—	—	—	—	—	(15.1)	(15.1)
Cash flow hedge	—	—	—	—	—	1.0	—	1.0
Loss attributable to non-controlling interest	(0.3)	—	—	—	—	—	—	(0.3)
Total comprehensive (loss)/ income	(0.3)	—	—	—	—	1.0	(15.1)	(14.4)
Acquisition of non–controlling interest	0.7	—	—	—	—	—	(0.7)	—
Balance as at 30 April 2013	—	**7.2**	**99.5**	**0.1**	**37.9**	**1.0**	**(125.8)**	**19.9**
Balance at 1 May 2013	—	7.2	99.5	0.1	37.9	1.0	(125.8)	19.9
Profit attributable to the owners of the parent	—	—	—	—	—	—	85.8	85.8
Cash flow hedge	—	—	—	—	—	(1.0)	—	(1.0)
Total comprehensive (loss)/income	—	—	—	—	—	(1.0)	85.8	(84.8)
Balance as at 30 April 2014	—	**7.2**	**99.5**	**0.1**	**37.9**	—	**(40.0)**	**104.7**

EnServe Group Limited

Consolidated cash flow statement for the year ended 30 April 2014

	Note	2014 £'m	2013 £'m
Operating activities			
Net cash (used)/generated in operations	26	**(6.0)**	9.7
Interest paid		**(2.8)**	(8.1)
Tax received		**0.2**	4.3
Net cash (used)/ generated in operating activities		**(8.6)**	5.9
Investing activities			
Purchase of property, plant and equipment	9	**(2.0)**	(4.0)
Proceeds from sale of property, plant and equipment		**0.2**	0.5
Purchase of intangible fixed assets	7	**(0.9)**	(0.8)
Cash transferred to assets held for sale	6	—	(13.3)
Disposal of subsidiary undertakings	6	**143.3**	—
Cash balance disposed with subsidiary undertakings	6	**(4.7)**	—
Net cash generated/(used) in investing activities		**135.9**	(17.6)
Financing activities			
Proceeds of loan from parent company	12	—	11.6
Loan granted to parent company	11	**(30.6)**	—
Repayment of borrowings	16	**(93.1)**	(21.6)
Net cash used in financing activities		**(123.7)**	(10.0)
Net increase/(decrease) in net cash and cash equivalents		**3.6**	(21.7)
Cash and cash equivalents and at beginning of the year		**20.9**	42.6
Cash and cash equivalents at end of the year		**24.5**	20.9

Cash and cash equivalents			
Included in cash and cash equivalents per the balance sheet		**24.5**	20.9
Included in the assets of the disposal Group	6	—	13.3

Accounting policies for the year ended 30 April 2014

General information

EnServe Group Limited is a private limited company incorporated and domiciled in the United Kingdom (UK) under the Companies Act 2006. The nature of the Group's operations and its principal activities are set out in the Directors' report.

The address of the registered office is Ashwood Court, Springwood Way, Tytherington Business Park, Macclesfield, Cheshire, SK10 2XF, United Kingdom. The registered number of the Company is 03250709.

These consolidated financial statements are prepared in Pounds Sterling. The Group operates principally in the UK.

Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of accounting

The consolidated financial statements of EnServe Group Limited have been presented under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities held at fair value through profit and loss and in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union, IFRIC interpretations and with those parts of the Companies Act 2006 applicable to companies reporting under IFRSs.

Going concern

The Directors have reviewed the financial position of the Company and have concluded that there is a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The ultimate parent, the "Cinven Funds", have indicated that they will not demand the repayment of the loan notes due from a parent undertaking, Cilantro Midco Limited, during the 12 month period commencing from the date of signing of the 30 April 2014 financial statements. For this reason the Directors continue to adopt the going concern basis in preparing the financial statements.

The following IFRS and IFRIC interpretations do not have any material impact on the current or prior year financial statements, but may affect the accounting for future transactions or arrangements. At the date of the authorisation of these consolidated financial statements, the following IFRSs and International Accounting Standards (IAS) have been issued but are not effective for the Group:

International Accounting Standards (IAS/IFRSs)		Effective date
IFRS 10	Amendment Consolidated Financial Statements	1 January 2014
IFRS 11	Amendment Joint Arrangements	1 January 2014
IFRS 12	Amendment Disclosure of Interests in Other Entities	1 January 2014
IFRS14	Regulatory Deferral Accounts	1 January 2016
IAS 27	Separate Financial Statements	1 January 2014
IAS 28	Investments in Associates and Joint Ventures	1 January 2014
IAS 32	Amendment - Offsetting Financial Assets and Financial Liabilities	1 January 2014
IAS 36	Amendment – Impairment of Assets	1 January 2014
IAS 39	Amendment – Financial Instruments	1 January 2014

The Directors do not anticipate that the adoption of these standards and amendments will have a material impact on the Group's financial statements, other than additional disclosures, in the period of initial application.

Basis of consolidation
The Group financial statements consolidate those of the Company and its subsidiary undertakings drawn up to the year end using the acquisition method of accounting. Subsidiary undertakings are entities that are directly or indirectly controlled by the Group. Control exists where the Company has the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are currently exercisable or convertible are taken into account. The results of acquired undertakings are included from the date of acquisition. Where necessary, adjustments are made to the accounting policies of acquired undertakings to bring these accounting policies into line with those used by the Group. All transactions and balances between Group companies have been eliminated from the consolidated financial statements.

The consolidated financial statements incorporate a share of the results, assets and liabilities of jointly controlled entities (joint ventures) and associates using the equity method of accounting, where the investment is carried at cost plus post-acquisition changes in the share of net assets of the joint venture, less any provision for impairment.

A joint venture is an entity established to engage in economic activity, which the Company jointly controls with its fellow venturers. Losses in excess of the consolidated interest in joint ventures are not recognised, except where the Company or its subsidiaries have made a commitment to make good those losses.

Transactions and non-controlling interests
The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the Group ceases to have control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss. If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

Critical accounting estimates and judgements
The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies.

Estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

Impairment of goodwill
The Group tests annually whether goodwill has suffered an impairment, in accordance with the stated accounting policy for purchased goodwill. The recoverable amounts of cash generating units (CGUs) have been determined based on value in use calculations, which require the use of estimates as referred to in note 7.

Critical accounting estimates and judgements (continued)

Tax

There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax matters based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the corporation tax and deferred tax provisions in the period in which such a determination is made.

Project margins

The Group undertakes a large number of projects which may take several months to complete. At each reporting date management is required to review costs incurred to date and assess the likely further costs to complete, with an adjustment to the project margin as appropriate. This process requires judgement and where the final project margin differs from that originally expected or subsequently adjusted to, such differences will impact upon the Group's EBITA.

Revenue

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

Revenue is recognised in the consolidated income statement at the point that a service is provided or products are supplied and title has passed.

The continuing Group undertakes the following principal activities from which revenues arise:

- identification of energy imbalances within the utility supply chain;
- facilities management and maintenance services;
- consultancy, infrastructure design and asset maintenance services;
- drain care, maintenance, repair and cleaning services; and
- water meter installation and meter reading.

Where the Group receives revenue from service agreements, where the substance of a contract is that the Group's contractual obligations are performed over time, this revenue is recognised over the period of the agreement to reflect the Group's performance of its contractual obligations.

For long term contracts within the electricity division, revenue is recognised based on the stage of completion of the contract which corresponds with the application status.

Where the Group operates as principal to the transaction, revenue is recognised at gross values. In a small number of situations (such as those in Metro Rod Limited within USG) where the Group acts as agent in the transaction, with the franchisee being the principal, the Group recognises within revenue the net commission earned on the transaction.

The disposed energy division provided services through negotiating rates with energy suppliers on behalf of business customers and generated revenues by way of commissions from the energy suppliers. This type of revenue was recognised when the contract between the customer and the energy supplier became live, commissions being calculated based on expected energy use by the business customer at agreed commission rates with the energy suppliers. There is variability in energy use by business customer. A provision was made based on historic data to adjust for variability.

Long term contracts

Revenue arising from long terms contracts is recognised in the profit and loss account over the term of the related long term contract so as to match revenue and profits arising with related costs based on the stage of completion of the contract. The amount of long term contracts, at cost incurred, net of amounts transferred to cost of sales, after deducting foreseeable losses and payments on account not matched with turnover, is included in work in progress.

In certain circumstances, such as the construction of a substation or other related asset, the related customer contracts include both a design and construction element. These activities are not capable of separate identification due to the design and construction activities being intrinsically linked.

Property, plant and equipment

Property, plant and equipment (excluding freehold land and buildings) are stated at historic cost together with any incremental expenses of acquisition less any provision for depreciation. Historic cost includes the expenditure that is directly attributable to the acquisition of the related assets. For software development expected to derive future economic benefits, directly attributable IT development staff costs are capitalised. These are included within fixtures, fittings and vehicles in tangible fixed assets in note 9, Property, plant and equipment. Freehold land and buildings are stated at deemed cost less depreciation. Deemed cost includes surpluses arising on the revaluation of freehold land and buildings to their fair values prior to the date of transition to IFRSs.

Depreciation of property, plant and equipment is calculated to write off their cost less any residual value over their estimated useful economic lives on either reducing balance or straight line basis as follows:

	Reducing balance:	Straight line:
Freehold buildings	—	50 years
Short leasehold land and buildings	2%	shorter of lease term and 50 years
Plant and machinery	10% to 25%	5 to 10 years
Fixtures, fittings and vehicles	15% to 25%	2 to 6 years

Depreciation is calculated from the date of purchase. Freehold land is not depreciated.

Reviews are performed annually of the estimated remaining lives and residual values of individual productive assets and adjustments are made where appropriate.

Assets held under finance leases or hire purchase contracts are depreciated over their expected useful economic lives on the same basis as owned assets or, where shorter, over the term of the relevant lease or hire purchase contract.

The gain or loss arising on the disposal or retirement of an asset is recognised in the consolidated income statement and is determined as the difference between the net sales proceeds, less any related taxes and the carrying amount of the net asset.

Foreign currencies

Functional and presentation currency

The financial statements of each Group company are measured using the currency of the primary economic environment in which that company operates (the functional currency). The consolidated financial statements record the results and financial position of each Group company in Pounds Sterling, which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

Transactions and balances

Transactions in foreign currencies are recorded at the exchange rates prevailing on the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into Pounds Sterling at the relevant exchange rates prevailing at the balance sheet date. Exchange gains and losses are taken to the consolidated income statement.

Foreign currencies (continued)
Group companies
The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet are translated at the closing rate at the balance sheet date; and
- income and expenses are translated at average exchange rates.

All resulting exchange differences are recognised as a separate component of equity.

Goodwill and fair value adjustments arising on foreign entity acquisitions are treated as assets and liabilities of the foreign entity and translated at the closing rate. Translation differences previously recognised in equity are taken to the consolidated income statement upon disposal of that entity.

Employee benefits
The Group operates a number of defined contribution pension schemes. Contributions to defined contribution pension schemes are charged to the consolidated income statement in the financial year to which the contributions relate. The contributions paid by the Group and the employees are invested within the individual pension funds in the month following the month of deduction.

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

Tangible fixed assets acquired under finance leases and hire purchase contracts are capitalised at the lower of their estimated fair value or the present value of the minimum lease payments at the date of inception of each lease or contract. Assets are depreciated over the shorter of the lease term and their expected useful lives. Leases consist of capital and interest elements. The capital element is shown as an obligation under finance leases and reduced to reflect the outstanding obligation. The interest element is allocated over the period of the lease in such a way as to give a reasonably constant charge on the outstanding liability.

Rentals paid under operating leases are charged to the income statement as incurred. Benefits received and receivable as an incentive to enter into an operating lease are spread on a straight line basis over the lease term.

Inventories
Inventories are stated at the lower of cost and net realisable value. Cost comprises all expenditure incurred in the normal course of business in bringing the inventory to its location and condition at the balance sheet date including, where appropriate, direct labour and other direct costs but excluding borrowing costs. Cost is computed on a first in first out basis. Net realisable value is based on estimated selling price less the estimated cost of disposal. Provision is made for any obsolete or slow moving inventory where appropriate.

Work in progress is valued at cost, which includes outlays incurred on behalf of clients. Provision is made for irrecoverable costs where appropriate.

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

The tax currently payable is based on the taxable profit for the year. Taxable profit differs from profit before tax as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items of income or expense 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 as at the balance sheet date.

Tax (continued)
Deferred tax is the tax expected to be payable or recoverable on differences between the carrying value of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Such assets and liabilities are not recognised if the timing difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the profit before tax as reported in the consolidated income statement.

Deferred tax liabilities are recognised on business combinations for temporary differences arising on investments in subsidiaries and associates and interests in joint ventures, except where the Group is able to control the reversal of the timing difference and it is probable that the timing difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet 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 with reference to rates that are substantially enacted at the balance sheet date and expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the related deferred tax is also dealt with as an addition or reduction in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Exceptional items
Items that are both material and non-recurring and whose significance is sufficient to warrant separate disclosure and identification within the consolidated financial statements are referred to as exceptional costs. Items that may give rise to classification as exceptional costs include, but are not limited to, significant and material restructuring closures and reorganisation programmes, individually material contract provisions and asset impairments. Such items are disclosed separately within the consolidated financial statements.

Purchased goodwill
Purchased goodwill represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets (including intangible fixed assets), liabilities and contingent liabilities of a subsidiary at the date of acquisition. Purchased goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

Purchased goodwill which is recognised as an asset is reviewed for impairment at least annually. Any impairment is recognised immediately in the consolidated income statement and is not subsequently reversed. For the purpose of impairment testing, purchased goodwill is allocated to each of the Group's CGUs expected to benefit from the synergies of the business combination. CGUs are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the CGU is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying value of any purchased goodwill allocated to the unit and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit.

Purchased goodwill arising on acquisitions before the date of transition to IFRS has been retained at the UK GAAP net book value as at 1 May 2006. Such purchased goodwill has not been amortised in the period since transition.

Other intangible fixed assets

Other separately identifiable intangible assets arising on business combinations are recognised at their fair value at the date of acquisition. For software development expected to derive future economic benefits, directly attributable IT development staff costs are capitalised. These are included within computer software development. Each asset is assessed on acquisition and amortisation is charged so as to write off the cost of the identifiable assets over their estimated useful economic lives, using the straight line method as follows:

Computer software development	2 to 5 years
Patents and licences	4 years
Brands	5 to 10 years
Customer relationships and contracts	2 to 10 years
Customer order books	1 to 3 years

Impairment of tangible and intangible fixed assets excluding purchased goodwill

At each balance sheet date, the Group reviews the carrying values of its tangible and intangible fixed assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from the other assets, the Group estimates the recoverable amount of the CGU to which the asset belongs.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying value, the carrying value of the asset (CGU) is reduced to its recoverable amount. An impairment loss is recognised immediately in the consolidated income statement.

Financial assets and liabilities

The Group classifies its financial assets and liabilities in the following categories: loans and receivables, derivatives used for hedging and other financial liabilities held at amortised cost.

Loans and other receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are classified as current assets, except for maturities greater than 12 months after the end of the reporting period. The Group's loans and receivables comprise 'trade and other receivables' and 'cash and cash equivalents' in the balance sheet.

Derivatives used for hedging are initially recognised at fair value on the date a derivative contract is entered into and subsequently measured at their fair value. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non current. The Group's derivatives used for hedging comprise 'derivative financial instruments' in the balance sheet.

Other financial liabilities held at amortised cost are liabilities recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. The Group's other financial liabilities held at amortised cost comprise 'trade and other payables' and 'financial liabilities' in the balance sheet.

Trade and other receivables

Trade receivables are recognised and measured at their original invoiced amount less provision for any uncollectible amounts. An estimate for doubtful debts is made when the collection of the full amount is no longer probable. Bad debts are written off to the consolidated income statement when they are identified.

Trade and other payables

Trade and other payables are not interest bearing and are stated at their nominal value.

Accounting policies for the year ended 30 April 2014 (continued)

Assets held for resale
Non-current assets and associated liabilities are classified as held for sale when their carrying amount will be recovered principally through a sale transaction rather than continuing use and a sale is highly probable.

Assets designated as held for sale are held at the lower of carrying amount at designation and fair value less costs to sell.

Provisions
Provisions are measured at the present value of the expenditures expected to be required to settle the obligation. Present values are calculated using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as a non cash interest expense.

Cash and cash equivalents
Cash and cash equivalents include cash in hand, deposits held at call with banks and bank overdrafts. Bank overdrafts are shown within financial liabilities in current liabilities on the consolidated balance sheet. Interest bearing bank loans and overdrafts are recorded at the proceeds received net of direct issue costs.

Derivative financial instruments
The Group uses derivative financial instruments to hedge its exposure to interest rates where appropriate. Financial instruments are recorded initially at cost. Subsequent measurement depends on the designation of the instrument as a hedge of highly probable forecast transactions (cash flow hedge).

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in equity. The gain or loss relating to the ineffective portion is recognised immediately in the consolidated income statement. Amounts accumulated in equity are recycled in the consolidated income statement in the periods when the hedged item will affect profit or loss (for instance when the forecast sale that is hedged takes place). However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventory) or a liability, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability. When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the consolidated income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the consolidated income statement.

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instruments that do not qualify for hedge accounting are recognised immediately in the consolidated income statement.

Bank borrowings
Interest bearing bank loans and overdrafts are recorded at the proceeds received net of direct transaction costs. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated income statement over the period of the borrowings using the effective interest method.

Share capital
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Dividends
Dividends are recognised as a liability when they become irrevocable as a result of shareholder approval or payment.

Notes to the financial statements for the year ended 30 April 2014

1 Revenue

The home country of the Company, which is also the main operating country, is the UK. The Group's revenue is generated mainly within the UK.

2 Operating loss – analysis by nature

	2014 £'m	2013 £'m
Continuing operating loss is stated after charging/(crediting):		
Loss on sale of property, plant and equipment	**1.7**	1.9
Operating leases:		
– plant and machinery	**2.2**	2.6
– land and buildings	**1.2**	1.3
Wages, salaries, social security and other pension costs (note 3)	**74.1**	68.5
Depreciation of property, plant and equipment (note 9)	**1.7**	1.9
Amortisation of intangible fixed assets (note 7)	**0.8**	5.2
Impairment of intangible fixed assets (note 7) (included in exceptional items)	**—**	20.1
Other income (note 25)	**(2.2)**	(1.5)
Exceptional items	**12.3**	8.3
Profit after tax from discontinued operations is stated after charging:		
Operating leases:		
– plant and machinery	**0.1**	0.4
– land and buildings	**0.1**	0.4
Wages, salaries, social security and other pension costs (note 3)	**5.1**	13.2
Depreciation of property, plant and equipment	**0.1**	0.3
Amortisation of intangible fixed assets	**—**	0.9
Exceptional items	**—**	0.6

Exceptional items

Exceptional costs were charged to operating loss in respect of continuing operations of £12.3 million (2013: £8.3 million) which consists of the following significant items:

	2014 £'m	2013 £'m
Write off of irrecoverable work in progress balances	**5.5**	0.5
Legal, professional and consultancy fees	**1.8**	0.9
Provision for contracts exited in prior year	**1.6**	2.3
Losses incurred due to franchisee closures and stock shrinkage	**1.2**	—
Redundancy costs	**1.1**	0.8
Release of inter-company loans	**0.9**	—
Loss on sale of property	**0.1**	1.9
Contract remedial work	**—**	1.5
Other	**0.1**	0.4
Total	**12.3**	8.3

The irrecoverable work in progress balances totalling £5.5 million (2013: £0.5 million) relates to contract provisions incurred within the electricity business predominantly relating to one sub-division within the overheads lines unit.

The Directors considered the carrying value of goodwill as lower than the recoverable amounts of the Group's CGUs and therefore no impairment is required in 2014 (2013: impairment £20.1 million) (note 7).

2 Operating (loss) / profit – analysis by nature (continued)

Exceptional costs in discontinuing operations in 2014 were £nil (2013 £0.6 million).

Other income relates to sales to a related party (note 25).

Services provided by the Group's auditors
During the year the Group obtained the following services from its auditors at costs as detailed below:

	2014 £'m	2013 £'m
Audit services		
Fees payable to the Company's auditors for the audit of Parent Company and consolidated financial statements	**0.1**	0.1
Fees payable to the Company's auditors for the audit of the Company's subsidiaries pursuant to legislation	**0.2**	0.2
Non-audit services		
Fees payable to the Company's auditors and its associates for other services:		
– other services pursuant to legislation	**—**	0.1
– tax services	**0.3**	0.2
	0.6	0.6

3 Directors and employees

The aggregate payroll costs of employees, including Directors, were:

	2014 £'m	2013 £'m
Continuing operations		
Wages and salaries	**66.4**	61.3
Social security costs	**6.9**	6.6
Other pension costs	**0.8**	0.6
	74.1	68.5
Discontinued operations		
Wages and salaries	**4.5**	11.7
Social security costs	**0.5**	1.2
Other pension costs	**0.1**	0.3
	5.1	13.2

Discontinued operations for 2014 relate only to the four months of ownership up to the date of disposal being 4 September 2013.

Internal staff costs of £0.1 million (2013: £0.4 million) are included within note 9, Property, plant and equipment, and internal staff costs of £0.4 million (2013: £0.8 million) have been included within note 7, Intangible fixed assets, which have been capitalised and therefore excluded from the above analysis; total £0.5 million (2013: £1.2 million).

3 Directors and employees (continued)

The monthly average number of persons employed by the Group including Executive Directors during the year was:

	2014 Number	2013 Number
Continuing operations		
Utility services division	**1,767**	1,667
Analytics division	**20**	29
Head office	**79**	72
	1,866	1,768
Discontinued operations		
Energy division	**418**	416
	418	416

Directors' emoluments

The aggregate emoluments of the Directors of the Company who served during the year were:

	2014 £'m	2013 £'m
Aggregate emoluments (including benefits in kind)	**1.9**	0.9

Retirement benefits are accruing to no Directors under a defined benefit scheme (2013: nil).

Highest paid Director

The above Directors' remuneration includes the following in respect of the highest paid Director:

	2014 £'m	2013 £'m
Aggregate emoluments (including benefits in kind)	**1.2**	0.4

Included within the above emoluments is a success fee in relation to the disposal of the energy division of £0.8 million (2013: £nil), which is not related to the in-year trading results of the Group's continuing operations.

4 Finance costs

	2014 £'m	2013 £'m
Continuing:		
Bank interest payable on loans and overdrafts	**2.5**	6.9
Amortisation of issue costs on bank borrowings	**0.4**	1.8
Total recognised within continuing	**2.9**	8.7
Exceptional		
Bank interest payable on loans and overdrafts	**0.7**	—
Amortisation of issue costs on bank borrowings	**4.2**	—
Total recognised within exceptional	**4.9**	—
Total finance costs	**7.8**	8.7

Exceptional finance costs relate to the charge of the remaining 2010 prepaid banking arrangement fees and termination of interest swaps following the full repayment of the external bank debt on 4 September 2013.

5 Tax on loss on ordinary activities

	2014 £'m	2013 £'m
Current tax		
Corporation tax at 22.8% (2013: 23.9%)	—	—
Adjustments in respect of prior years	(2.3)	(7.7)
Total current tax	(2.3)	(7.7)
Deferred tax (note 15)		
UK deferred tax credit	(3.1)	(4.5)
Total deferred tax	(3.1)	(4.5)
Tax on loss on ordinary activities	**(5.4)**	(12.2)

The tax on the Group's loss before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to losses of the consolidated entities as follows:

	2014 £'m	2013 £'m
Loss on ordinary activities before taxation	**(20.5)**	(39.9)
Loss on ordinary activities at 22.8% (2013: 23.9%)	(4.7)	(9.5)
Adjustments in respect of prior years	(2.3)	(7.7)
Effect of impairment charge	—	4.8
Effect of tax losses for which no deferred income tax asset was recognised	2.6	—
Utilisation of Group tax losses	—	2.6
Other differences	(1.0)	(2.4)
Tax on loss on ordinary activities	**(5.4)**	(12.2)

Other differences relate to permanent and temporary differences which are not allowable for taxation purposes.

Deferred tax assets have been recognised in all cases where it is considered probable that such assets will be recovered.

During the year, effective from 1 April 2014, the standard rate of corporation tax in the UK changed from 23% to 21%. Accordingly the company's profits for this year are taxed at an effective rate of 22.8% (2013: 23.9%). In accordance with the Finance Act 2013, enacted on 2 July 2013, the standard rate of corporation tax has been reduced to 21%, with a further 1% reduction to 20% effective from 1 April 2015.

6 Discontinued operations and assets classified as held for sale

On 4 September 2013, the Group sold the energy division to Vitruvian Partners LLP, Intermediate Capital Group Plc and the energy division's management team for a consideration of £143.3 million. The following trading results cover the four month period of ownership.

Results attributable to discontinued activities are as follows:

	2014	2013
	£'m	£'m
Revenue	**10.5**	32.3
Operating expenses	**(8.0)**	(20.0)
Profit before tax from discontinued operations	**2.5**	12.3
Tax charge on profit on discontinued operations	—	—
Profit after tax for the year from discontinued operations	**2.5**	12.3
Gain on sale	**98.4**	—
Profit for the year from discontinued operations	**100.9**	12.3

The assets of the disposal Group classified as held for sale are as follows:

	2014	2013
	£'m	£'m
Non-current assets		
Intangible fixed assets – purchased goodwill	—	24.1
Intangible fixed assets – other	—	3.7
Property, plant and equipment	—	1.2
Deferred tax assets	—	0.3
	—	29.3
Current assets		
Trade and other receivables	—	12.6
Cash and cash equivalents	—	13.3
Client monies	—	1.5
	—	27.4
Total	—	56.7

The liabilities of the disposal Group classified as held for sale are as follows:

	2014	2013
	£'m	£'m
Current liabilities		
Trade and other payables	—	8.5
Deferred tax liabilities	—	0.8
Total	—	9.3

Gain on sale:

	2014	2013
	£'m	£'m
Sales proceeds	**143.3**	—
Less assets and liabilities held at the point of sale (including cash of £4.7 million)	**(14.6)**	—
Less goodwill, other intangibles and deferred tax held at EnServe Group consolidated level	**(27.5)**	—
Less professional advisor costs	**(2.8)**	—
Gain on sale	**98.4**	—

6 Discontinued operations and assets classified as held for sale (continued)

The net cash flows after tax of the disposal Group are as follows:

	2014	2013
	£'m	£'m
Net operating activities	**(0.8)**	9.3
Net investing activities	**(0.3)**	(0.9)
Net financing* activities	**(9.0)**	(9.4)
Net cash outflow	**(10.1)**	(1.0)

*Financing outflows at Group level in 2014 relates to a £9.0 million (2013: £nil) dividend paid from Inenco Holdings Limited to EnServe Group Limited and in 2013 the repayment of intercompany balances, both 2014 and 2013 financing activities cancel out on consolidation.

7 Intangible fixed assets

	Purchased goodwill £'m	Computer software development £'m	Patents and licences £'m	Other £'m	Total £'m
Cost					
At 1 May 2013	146.1	4.4	0.2	32.3	183.0
Additions	—	0.9	—	—	0.9
At 30 April 2014	**146.1**	**5.3**	**0.2**	**32.3**	**183.9**
Accumulated amortisation and impairment					
At 1 May 2013	(100.0)	(2.6)	(0.2)	(30.2)	(133.0)
Amortisation charge	—	(0.3)	—	(0.5)	(0.8)
At 30 April 2014	**(100.0)**	**(2.9)**	**(0.2)**	**(30.7)**	**(133.8)**
Net book value					
At 30 April 2014	**46.1**	**2.4**	**—**	**1.6**	**50.1**
At 30 April 2013	46.1	1.8	—	2.1	50.0

Other intangible fixed assets consist of brands, customer relationships and contracts, and customer order books recognised upon the acquisition of subsidiary undertakings. The remaining useful life of other intangible fixed assets varies between one and ten years.

Included within additions for the year in computer software development is £0.4 million of internal staff costs (2013: £0.8 million) incurred as part of software development.

Goodwill acquired in a business combination is allocated, at acquisition, to the Group's CGUs that are expected to benefit from that business combination. The CGUs have been defined as the operating business to which the goodwill relates. The carrying amount of purchased goodwill has been allocated as follows:

	2014	2013
	£'m	£'m
Utility services	**41.1**	41.1
Analytics	**5.0**	5.0
	46.1	46.1

7 Intangible fixed assets (continued)

The Group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired. At 30 April 2014 the impairment review resulted in no impairment charges (2013: £20.1 million impairment charge incurred within the analytics division).

The recoverable amounts of the CGUs are determined from value in use calculations. These calculations use post-tax cash flow projections based on financial budgets approved by the Group Board to April 2015. Cash flows beyond the one year period are extrapolated using the estimated growth rate of 2.5%. The growth rate does not exceed the long term average growth rate for services provided and countries in which the Group operates. The one year post-tax cash flows and terminal value of the CGUs are then discounted at 8.0%, being the estimated pre-tax weighted average cost of capital (WACC) of the Group. This value is subsequently compared to the carrying value of the CGU. All CGUs are UK based and have a similar risk profile therefore it is appropriate to use the discount rate for the impairment reviews. The key assumptions for the prior year were the same as those used for the year ended 30 April 2014.

A 1% movement in WACC to 9% would result in a reduction in headroom in the analytics division of £1.0 million and £26.6 million in the utility division. If the EBITA were to decrease by 1%, the headroom would decrease by £2.0 million in the utility division and the effect in the analytics division would be negligible.

8 Investment in joint venture

The Group owns 34% of the 100 £1 issued equity shares in Vennsys Limited, a company incorporated in the United Kingdom which provides managed metering service contracts.

Vennsys Limited is a joint venture with Veolia Water Outsourcing Limited and Mace Limited. The Group's investment of £34 at 30 April 2013 represents the Group's share of the joint venture's net assets.

There are no contingent liabilities and commitments relating to the Group's interest in the joint venture, (2013: £nil).

Investment in equity accounted joint venture:

	2014 £'m	2013 £'m
As at 1 May	—	—
Share of profits retained	—	—
As at 30 April	—	—

Vennsys Limited is a private company as there is no quoted market price available for its shares.

8 Investment in joint venture (continued)

The following amounts represent the Group's 34% estimated share of the joint venture's net liabilities and loss after tax, in accordance with the Group's accounting policy any losses in excess of the consolidated interest in joint ventures are not recognised.

	2014	Restated 2013
	£'m	£'m
Assets		
Non current assets	**0.9**	0.9
Current assets	**4.6**	4.4
	5.5	5.3
Liabilities		
Non current liabilities	**(3.0)**	(3.2)
Current liabilities	**(6.8)**	(6.3)
	(9.8)	(9.5)
Net liabilities	**(4.3)**	(4.2)

Income	**8.4**	7.1
Expenses including tax	**(8.5)**	(8.4)
Loss after tax	**(0.1)**	(1.3)

The 2013 disclosure has been restated to reflect the final signed statutory financial statements of Vennsys Limited. This did not result in a material difference in net liabilities or loss after income tax.

The joint venture has a statutory year end of 31 December.

9 Property, plant and equipment

	Fixtures, fittings and vehicles £'m	Plant and machinery £'m	Short leasehold land and buildings £'m	Freehold land and buildings £'m	Total £'m
Cost or valuation					
At 1 May 2012	4.1	18.1	1.4	5.0	28.6
Additions	1.4	2.6	—	—	4.0
Transfer to disposal Group classified as held for sale	(0.7)	(5.0)	—	—	(5.7)
Disposals	(0.5)	(0.5)	—	(2.5)	(3.5)
At 1 May 2013	4.3	15.2	1.4	2.5	23.4
Additions	0.4	1.1	0.3	0.2	2.0
Disposals	(0.8)	(2.5)	(0.5)	(1.2)	(5.0)
At 30 April 2014	**3.9**	**13.8**	**1.2**	**1.5**	**20.4**
Accumulated depreciation					
At 1 May 2012	(3.5)	(13.9)	(0.8)	(0.2)	(18.4)
Charge for the year	(0.6)	(1.5)	—	(0.1)	(2.2)
Transfer to disposal Group classified as held for sale	0.6	3.8	—	—	4.4
Disposals	0.4	0.4	—	0.3	1.1
At 1 May 2013	(3.1)	(11.2)	(0.8)	—	(15.1)
Charge for the year	(0.4)	(1.2)	—	(0.1)	(1.7)
Disposals	0.8	2.3	—	—	3.1
At 30 April 2014	**(2.7)**	**(10.1)**	**(0.8)**	**(0.1)**	**(13.7)**
Net book value					
At 30 April 2014	**1.2**	**3.7**	**0.4**	**1.4**	**6.7**
At 1 May 2013	1.2	4.0	0.6	2.5	8.3

The net book value of plant and machinery includes an amount of £nil (2013: £0.6 million) in respect of assets held under finance leases and hire purchase contracts.

Included within additions for the year in fixtures, fittings and vehicles is £0.1 million of internal staff costs (2013: £0.4 million) incurred as part of software development.

Software development assets of £0.1 million (2013: £0.7 million) which were not fully in use and not depreciated at year end are included within additions.

10 Inventories

	2014 £'m	2013 £'m
Raw materials and consumables	**0.4**	1.1
Work in progress – net costs on contracts less foreseeable losses	**7.5**	8.0
Finished goods	**1.4**	0.5
	9.3	9.6

11 Trade and other receivables

Current assets	**2014 £'m**	2013 £'m
Trade receivables	**19.5**	17.2
Less: provision for impairment	**(0.6)**	(0.9)
Trade receivables – net	**18.9**	16.3
Other debtors	**5.2**	1.9
Prepayments and accrued income	**13.3**	26.8
Amounts owed by parent company	**19.2**	—
Corporation tax asset	**0.2**	—
	56.8	45.0

Amounts owed by parent company are unsecured, non-interest bearing and have no fixed repayment date. The debtor balance in 2014 is as a result of the Company repaying the external bank debt and accrued interest held within the parent company Cilantro Acquisitions Limited of £30.6 million, thus converting the current liability in note 12 being amounts owed to parent company of £11.4 million to a current asset of £19.2 million listed in the table above.

The average credit period taken for trade receivables 31 days (2013: 28 days). Accrued income relates to work performed not yet invoiced. The amount is recognised when there is sufficient evidence of performance under the related customers arrangement and the items can be measured at a monetary amount with sufficient reliability.

As of 30 April 2014, trade receivables of £3.9 million were past due but not impaired (2013: £4.3 million). These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	2014 £'m	2013 £'m
Four to six months	**0.1**	0.5
Seven to twelve months	**—**	0.3
Over twelve months	**3.8**	3.5
	3.9	4.3

As of 30 April 2014, trade receivables of £0.6 million were impaired (2013: £0.9 million). The ageing of these receivables is as follows:

	2014 £'m	2013 £'m
Four to twelve months	**—**	0.1
Over twelve months	**0.6**	0.8
	0.6	0.9

Movements on the Group provision for impairment of trade receivables are as follows:

	2014 £'m	2013 £'m
At 1 May 2013	**0.9**	1.1
Provision for receivables impairment	**0.3**	—
Receivables written off during year as uncollectible	**(0.5)**	—
Provision removed as a result of the energy division disposal	**(0.1)**	—
Unused amounts credited to income statement	**—**	(0.2)
At 30 April 2014	**0.6**	0.9

The creation and release of provision for impaired receivables has been included in "operating expenses" in the consolidated income statement.

11 Trade and other receivables (continued)

The carrying amounts of the Group's receivables are denominated in the following currencies:

	2014 £'m	2013 £'m
Sterling	**56.1**	43.9
US dollars	**0.2**	—
Euros	**0.2**	0.1
Rest of world	**0.3**	1.0
	56.8	45.0

The other classes within trade and other receivables do not contain assets which are considered to be impaired. The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The Group does not hold any collateral as security.

Non-current assets	2014 £'m	2013 £'m
Trade receivables	**3.7**	3.5

As of 30 April 2014, non-current trade receivables of £3.7 million were past due but not impaired (2013: £3.5 million). Of the £3.7 million, £3.4 million (2012: £3.2 million) relates to a balance with Vennsys Limited, a joint venture which the Group believe to be fully recoverable.

The carrying value and fair value of trade and other receivables are considered to be the same.

12 Trade and other payables

	2014 £'m	2013 £'m
Trade creditors	**26.8**	34.6
Other tax and social security	**4.9**	4.2
Accruals and deferred income	**14.4**	12.3
Other creditors	**1.4**	5.8
Amounts owed to parent company	—	11.4
	47.5	68.3

The average credit period taken for trade payables is 63 days (2013: 59 days).

The carrying value and fair value of trade and other payables are considered to be the same.

13 Financial liabilities

	2014 £'m	2013 £'m
Current financial liabilities		
Bank loans	—	6.5
Non-current financial liabilities		
Bank loans (note 16)	—	86.6

On 4 September 2013 the external debt was repaid in full following receipt of funds from the sale of the energy division.

The bank loans carried interest at between 4.5% and 5.0% above LIBOR and were fully repaid in the year.

	2014 £'m	2013 £'m
In less than one year	—	6.5
In more than one year but not more than two years	—	10.8
In more than two years but not more than five years	—	23.3
In more than five years	—	52.5
	—	93.1

The bank loans were secured by cross guarantees between the Group's larger subsidiary undertakings. Bank loans were denominated in UK sterling.

The following table provides a comparison of the carrying amounts and the fair values of the Group's financial liabilities at 30 April 2014.

	2014		2013	
	Book value £'m	Fair value £'m	Book value £'m	Fair Value £'m
Bank loans	—	—	93.1	93.1

14 Provisions for other liabilities and charges

	2014			2013
	Rectification claims £'m	Losses on contract £'m	Total £'m	£'m
At 1 May 2013	—	—	—	—
Utilisation of provision	(0.7)	(0.9)	(1.6)	—
At 30 April 2014	(0.7)	(0.9)	(1.6)	—

Rectification claims

The amounts represent a provision for rectification claims on historic contracts and are expected to exceed the forecast revenue on any particular contract. The provision is expected to be used during year ended 30 April 2015.

Losses on contracts

The provision has been made at the year-end where costs to complete are expected to exceed the forecast revenue on any particular contract. The provision is expected to be used during year ended 30 April 2015.

15 Deferred tax

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxes relate to the same fiscal authority. The offset amounts are as follows:

	2014 £'m	2013 £'m
Deferred tax assets:		
– deferred tax asset to be recovered after more than twelve months	**3.0**	0.4
Deferred tax liabilities:		
– deferred tax liability to be incurred after more than twelve months	**(0.3)**	(0.8)
Net deferred tax asset/(liability)	**2.7**	(0.4)

The net movement in the deferred tax balance is as follows:

	2014 £'m	2013 £'m
At beginning of year	**(0.4)**	(5.4)
Income statement credit (note 5)	**3.1**	4.5
Transfer to disposal Group classified as held for sale	**—**	0.5
	2.7	(0.4)

The movement in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Deferred tax assets	Other £'m
At 1 May 2012	0.8
Charged to the income statement	(0.1)
Transfer to disposal Group classified as held for sale	(0.3)
At 1 May 2013	0.4
Credited to the income statement	2.6
At 30 April 2014	3.0

Deferred tax assets have been recognised on the basis there will be sufficient and suitable taxable profits in the future against which these can be offset.

Deferred tax liabilities	Intangible fixed assets £'m
At 1 May 2012	(6.2)
Credited to the income statement	4.6
Transfer to disposal Group classified as held for sale	0.8
At 1 May 2013	(0.8)
Credited to the income statement	0.5
At 30 April 2014	**(0.3)**

16 Financial instruments

The Group's financial instruments comprise cash, bank loans, finance leases, hire purchase contracts and various other debtor and creditor balances that arise from its operations. The main financial risks arising from the Group's financial instruments are interest rate risk, liquidity risk, foreign currency risk and credit risk. The Directors review and agree policies for managing each of these risks as follows:

Liquidity risk – through cash flow forecasting, daily monitoring and monthly review the Group monitors working capital and capital expenditure requirements. Liquidity risk is further managed by the agreement of bank facilities as required.

Interest rate risk –The Group finances its operations through a combination of shareholders' funds and bank debt. The Group's bank facilities are liable to floating rates of interest. During the year ended 30 April 2014, the Group repaid the external debt in full and terminated the interest rate swaps.

Derivative financial instruments

	2014 **£'m** **Liability**	2013 £'m Liability
Interest rate swaps – fair value hedge	—	1.0

No fair value exercise of the swaps at 30 April 2014 is required as they were terminated on 4 September 2013 (2013: liability of £1.0 million) with movements in value being recognised in the hedge reserve.

There was no ineffectiveness to be recorded to the profit or loss from cash flow hedges.

Foreign currency risk – the Group has limited exposure to foreign currency risk on the basis that during the current and previous financial year, 1% of revenue was attributable to foreign operations. The Group does not use forward foreign currency contracts.

Credit risk – the Group operates effective credit control procedures in order to minimise exposure to overdue debts. Counter-parties involved in transactions are limited to high quality financial institutions and there are credit limits set for all customers that are regularly monitored to ensure appropriateness. Credit risk for the Group mainly arises from the following:

	2014 **£'m**	2013 £'m
Trade and other receivables	**56.8**	45.0
Cash and cash equivalents	**24.5**	20.9
	81.3	65.9

No trading of financial instruments has been undertaken during the years ended 30 April 2014 or 30 April 2013.

16 Financial instruments (continued)

Interest rate risk profile of financial liabilities

All the Group's bank borrowings were subject to floating interest rates at LIBOR plus a margin of between 4.5% and 5.0% per annum. The actual amount of interest payable was determined by the ratio of the Group's debt to EBITDA. The Group had entered into two interest rate caps, which initially capped the rate of interest payable on £105.0 million of borrowings at Sterling LIBOR of 2.0% per annum, the two instruments were terminated 4 September 2013 following the full repayment of the external debt. The interest rate risk profile of the Group's bank borrowings during the financial year was:

	2014				2013			
	Total	**Capped rate financial liabilities**	**Floating rate financial liabilities**	**Weighted average interest rate**	Total	Capped rate financial liabilities	Floating rate financial liabilities	Weighted average interest rate
	£'m	**£'m**	**£'m**	**%**	£'m	£'m	£'m	%
Sterling at 30 April	—	—	—	**5.51**	93.1	93.1	—	5.85

Interest rate risk profile of financial assets

The Group has no significant interest assets. The Group's income and operating cash flows are substantially independent of changes in market interest rates.

Maturity of financial liabilities

The maturity profile of the contractual undiscounted cash flows of the Group's financial liabilities, other than short term trade creditors and accruals at the year end was as follows:

	2014 Total £'m	2013 Total £'m
Within one year, or on demand	—	6.5
Between one and two years	—	10.8
Between two and five years	—	23.3
In more than five years	—	52.5
	—	93.1

Borrowing facilities

The Group's committed borrowing facilities at 30 April 2014 were as follows:

	2014 £'m	2013 £'m
Revolving credit facility ("RCF")	**15.0**	15.9
Capital investment facility	—	27.5
	15.0	43.4

The facility expires in more than five years.

Within the £15.0 million revolving credit facility, £6.0 million is eligible to be utilised to issue commercial bonds for the Group's subsidiaries.

On 4 September 2013 the external debt was repaid in full following receipts of funds from the sale of the energy division. The total debt repaid was £130.7 million of which £100.1 million was held within EnServe Group Limited, being £93.1 million as at 30 April 2013 and a further £7.0 million which was drawn on the RCF in May 2013.

16 Financial instruments (continued)

Borrowing facilities (continued)

The IASB amendment to IFRS 7 in March 2010 requires all financial instruments measured at fair values to be classified within the tiers of a fair value hierarchy where the valuation inputs are characterised as follows:

Level 1: Unadjusted quoted prices in active markets
Level 2: Inputs other than quoted prices that are observable for the asset either directly or indirectly
Level 3: Inputs that are not based on observable market data

Management have assessed the derivative financial instrument as Level 2 on the basis that the inputs to the valuation model are observable either directly or indirectly.

The following table provides the 2013 carrying amounts and the fair values of the Group's derivative financial.

	2014		2013	
	Book value £'m	**Fair value £'m**	Book value £'m	Fair Value £'m
Derivative financial instruments	—	—	1.0	1.0

Capital risk management
The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for the ultimate parent undertaking and benefits for other stakeholders, as well as maintaining an optimal capital structure to reduce overall cost of capital. In order to maintain this optimal structure, the Group may adjust the amount of dividends paid, issue new shares, dispose of assets to reduce net debt or increase bank borrowings to increase net debt. When monitoring capital, the Group takes into account its overall level of net debt, net debt to EBITDA ratio and interest cover ratio. The Group has given the usual undertakings and security in relation to its syndicated bank facility. The Group has also undertaken to provide the usual monthly management information to the banking syndicate and has a covenant in place with its banks in relation to its bank borrowings using net debt/EBITDA ratio, which will only be calculated at each half year should the cash borrowings in relation to the revolving credit facility exceed £10.0 million.

17 Share capital

	2014		2013	
	Number of shares	**Total £'m**	Number of shares	Total £'m
Authorised				
Ordinary shares of 2 pence each	**400,000,000**	**8.0**	400,000,000	8.0
Allotted, called up and fully paid				
Ordinary shares of 2 pence each	358,328,864	7.2	358,328,864	7.2

18 Share premium account

	£'m
At 30 April 2013 and **30 April 2014**	**99.5**

19 Capital redemption reserve

	£'m
At 30 April 2013 and **30 April 2014**	**0.1**

The capital redemption reserve was created by a repurchase of own shares during the year ended 30 April 2000.

20 Merger reserve

	£'m
At 30 April 2013 and **30 April 2014**	**37.9**

The merger reserve was created following the issue of own shares as part consideration to acquire Evolve Analytics Limited, (formally called RAS Limited) in October 2007.

21 Hedge reserve

	2014 £'m	2013 £'m
At 1 May	**1.0**	—
Termination of hedge (see note 16)	**(1.0)**	—
Interest rate hedge	—	1.0
At 30 April	—	1.0

22 Accumulated losses

	2014 £'m	2013 £'m
At 1 May	**(125.8)**	(110.0)
Total recognised profit/(loss) attributable to owners of the parent	**85.8**	(15.1)
Acquisition of non-controlling interest	—	(0.7)
At 30 April	**(40.0)**	(125.8)

23 Transactions with non controlling interests

No non controlling transactions took place in 2014 (2013: none).

24 Guarantees and other financial commitments

The Group has financial commitments for future aggregate minimum lease payments under non-cancellable operating leases as follows:

	2014			2013		
	Land and buildings £'m	Plant and machinery £'m	Total £'m	Land and buildings £'m	Plant and machinery £'m	Total £'m
Expiring:						
Within one year	1.1	2.9	4.0	1.4	6.1	7.5
Between two and five years	3.3	1.7	5.0	3.3	7.2	10.5
After five years	1.5	—	1.5	0.8	—	0.8
	5.9	4.6	10.5	5.5	13.3	18.8

25 Related party transactions

During the year the Group received other income of £2.2 million (2013: £1.5 million) from Vennsys Limited, a joint venture, in relation to support services provided.

At 30 April 2014 the Group held a trading balance of £3.4 million, with Vennsys Limited classified in non-current trade receivables (2013: £3.2 million).

Remuneration of key management personnel

The remuneration of the Directors and members of the operational board, who are the key management personnel of the Group, is set out below in aggregate for each of the categories specified in IAS 24 Related Party Disclosures:

	2014 £'m	2013 £'m
Short term employee benefits	0.5	0.5

26 Cash flow statement

Net cash (used)/generated in operations

	2014 £'m	2013 £'m
Continuing operations		
Operating loss	**(12.7)**	(31.2)
Depreciation of property, plant and equipment (note 9)	**1.7**	1.9
Amortisation of intangible fixed assets (note 7)	**0.8**	5.2
Impairment of intangible fixed assets (note 7)	**—**	20.1
Loss on sale of property, plant and equipment (note 9)	**1.7**	1.9
Decrease/(increase) in inventories	**0.3**	(2.1)
Decrease in receivables	**7.4**	0.9
(Decrease)/increase in payables	**(7.8)**	4.4
Net cash (used)/generated in continuing operations	**(8.6)**	1.1
Discontinued operations		
Operating profit	**2.5**	12.3
Depreciation of property, plant and equipment	**0.1**	0.3
Amortisation of intangible fixed assets	**—**	0.8
Increase in receivables	**—**	(6.4)
Increase in payables	**—**	1.6
Net cash generated in discontinued operations	**2.6**	8.6
Net cash (used)/generated in operations	**(6.0)**	9.7

27 Availability of annual report

Copies may be obtained from the Company Secretary at the Registered Office of the Company at Ashwood Court, Springwood Way, Tytherington Business Park, Macclesfield, Cheshire, SK10 2XF, United Kingdom.

28 Immediate and ultimate parent undertaking

The immediate parent undertaking is Cilantro Acquisitions Limited.

The Company's ultimate parent undertakings are Fourth Cinven Fund (No.1) LP, Fourth Cinven Fund (No.2) LP, Fourth Cinven Fund (No.3 – VCOC) LP, Fourth Cinven Fund (No.4) LP, Fourth Cinven Fund (UBTI) LP, Fourth Cinven Fund Co-Investment Partnership, Fourth Cinven (MACIF) Partnership and Fourth Cinven Fund FCPR *(together the 'Cinven Funds'), being funds managed or controlled by* Cinven Limited, a Company incorporated under the laws of England and Wales.

Accordingly, the Directors consider the Company's ultimate controlling party to be Cinven Limited.

Cilantro Midco Limited is the parent undertaking of the largest Group of undertakings to consolidate these financial statements at 30 April 2014. The consolidated financial statements of Cilantro Midco Limited are available from Ashwood Court, Springwood Way, Tytherington Business Park, Macclesfield, Cheshire, SK10 2XF, United Kingdom.

Cilantro Parent Limited is the parent undertaking of the smallest Group of undertakings to consolidate these financial statements. The consolidated financial statements of Cilantro Parent Limited can be obtained from Ashwood Court, Springwood Way, Tytherington Business Park, Macclesfield, Cheshire, SK10 2XF, United Kingdom

Report on the company financial statements

Our opinion

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the company's affairs as at 30 April 2014;
- 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.

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited

The company financial statements (the "financial statements"), which are prepared by EnServe Group Limited, comprise:

- the company balance sheet as at 30 April 2014;
- the accounting policies; and
- the notes to the financial statements, which include other explanatory information.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Annual report and financial statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on 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 for which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of directors' responsibilities set out on pages 12 and 13, 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 ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other matter

We have reported separately on the group financial statements of EnServe Group Limited for the year ended 30 April 2014.

N W E Boden (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester
29 August 2014

EnServe Group Limited

Company balance sheet as at 30 April 2014

	Note	2014 £'m	2013 £'m
Fixed assets			
Tangible assets	2	—	—
Investments	3	**15.1**	29.1
		15.1	29.1
Current assets			
Debtors	4	**19.7**	88.4
Cash at bank and in hand		**28.8**	11.9
		48.5	100.3
Creditors – amounts falling due within one year	5	**(1.4)**	(10.6)
Net current assets		**47.1**	89.7
Total assets less current liabilities		**62.2**	118.8
Creditors – amounts falling due after more than one year	6	**-**	(86.6)
Net assets		**62.2**	32.2
Capital and reserves			
Called up share capital	8	**7.2**	7.2
Share premium account	9	**99.5**	99.5
Capital redemption reserve	10	**0.1**	0.1
Merger reserve	11	**37.9**	37.9
Hedge reserve	12	—	1.1
Profit and loss account	13	**(82.5)**	(113.6)
Total shareholders' funds	14	**62.2**	32.2

The financial statements on pages 51 to 60 were approved by the Board of Directors on 29 August 2014 and were signed on its behalf by:

David Humphreys
Director

Company registered number: 03250709

Accounting policies for the year ended 30 April 2014

Summary of significant accounting policies
The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of accounting
The Company's financial statements have been prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and applicable United Kingdom accounting standards (United Kingdom Generally Accepted Accounting Practice). A summary of the accounting policies is set out below, together with an explanation of where changes have been made to previous policies on the adoption of new accounting standards in the year.

In accordance with the exemption permitted by Section 408(3) g of the Companies Act 2006, the Company has not presented its own profit and loss account. The profit for the financial year attributable to ordinary shareholders and dealt with in the financial statements of the Company was £31.1 million (2013: loss of £34.6 million).

The results of the Company are included in the consolidated financial statements for EnServe Group Limited. Consequently, the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1 (revised 1996).

The Company is also exempt under the terms of Financial Reporting Standard 8 from disclosing related party transactions with entities that are part of the EnServe Group.

Tangible fixed assets
Tangible fixed assets are stated at cost together with any incremental expenses of acquisition less any provision for depreciation. Depreciation of fixed assets is calculated to write off their cost less any residual value over their estimated useful lives on a reducing balance basis as follows:

Plant and machinery	10% to 20%
Fixtures, fittings and vehicles	17% to 50%

Depreciation is calculated from the date of purchase. Freehold land is not depreciated.

Fixed asset investments
The Company's investment in subsidiary undertakings is stated at historic cost, less any provision for impairment. Impairment reviews are performed by the Directors when there has been an indication of potential impairment.

Profit on disposal of fixed asset investment
Profit on disposal of fixed asset investments is stated after deducting the carrying value of the fixed asset investment being the cost less impairments charged to date and following the deductions of professional costs incurred to complete the sale.

Pensions
The Company operates a defined contribution pension scheme. Contributions to defined contribution pension schemes are charged to the profit and loss account as incurred.

Taxation
Corporation tax payable is provided on taxable profits at the current rate. Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted. Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis.

Accounting policies for the year ended 30 April 2014 (continued)

Called up share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Dividend distribution

Dividends are recognised as a liability when they become irrevocable as a result of shareholder approval or payment.

Notes to the financial statements for the year ended 30 April 2014

1 Directors and employees

The aggregate payroll costs of employees, including Directors, were:

	2014 £'m	2013 £'m
Wages and salaries	**1.9**	2.4
Social security costs	**0.3**	0.3
Pensions	**0.1**	—
	2.3	2.7

The monthly average number of persons employed by the Company during the year was:

	2014 Number	2013 Number
Head office	**30**	25

2 Tangible fixed assets

	Fixtures, fittings and vehicles £'m	**Plant and machinery £'m**	**Total £'m**
Cost			
At 1 May 2013	0.1	0.3	0.4
Disposal	(0.1)	—	(0.1)
At 30 April 2014	—	0.3	0.3
Accumulated depreciation			
At 1 May 2013	(0.1)	(0.3)	(0.4)
Disposal for the year	0.1	—	0.1
At 30 April 2014	—	(0.3)	(0.3)
Net book value			
At 30 April 2014	—	—	—
At 30 April 2013	—	—	—

3 Fixed asset investments

	Investment in subsidiaries £'m
Cost	
At 1 May 2013	127.4
Disposals	(14.0)
At 30 April 2014	**113.4**
Provisions and impairment	
At 1 May 2013	(98.3)
30 April 2014	**(98.3)**
Net book value	
At 30 April 2014	**15.1**
At 30 April 2013	29.1

The Directors believe that the carrying value of the investments is supported by their underlying net assets.

3 Fixed asset investments (continued)

At 30 April 2014 the Company held more than 20% of the allotted share capital of the following operating subsidiary undertakings whose results or financial position principally affected the figures shown in the Company's annual financial statements:

	Country of incorporation	Class of share capital	Proportion held by Parent company	Nature of business
The Freedom Group of Companies Limited	England	Ordinary	100%	Services to the electricity industry
Metro Rod Limited	England	Ordinary	100%	Drain care and repair
The IT&T Department Limited	England	Ordinary	100%	IT services
H2O Water Services Limited	England	Ordinary	100%*	Services to the water industry
Meter U Limited	England	Ordinary	100%	Meter reading
Evolve Analytics Limited	England	Ordinary	100%	Services to the gas and electricity industry
Agrilek Limited	England	Ordinary	100%*	Services to the electricity industry

* Investment held by subsidiary undertaking.

The Directors believe that the carrying value of the investments is supported by their underlying net assets.

On 4 September 2013 the Company sold 100% of Inenco Holdings Limited, which constituted the whole energy division. The profit on disposal of the fixed asset investment is calculated after deducting the carrying value of the investment and professional advisors and consultancy costs incurred to facilitate the disposal.

	2014 £'m	2013 £'m
Sales proceeds	**143.3**	—
Less carrying value of investment of subsidiary	**(14.0)**	—
Less professional advisor costs	**(2.8)**	—
Gain on sale	**126.5**	—

4 Debtors

	2014 £'m	2013 £'m
Amounts owed by Group undertakings	**90.2**	83.4
Provision for impairment	**(70.7)**	—
	19.5	83.4
Prepayments	**0.2**	5.0
	19.7	88.4

All of the debtors shown above are expected to have a maturity profile of less than one year. Amounts owed by Group undertakings are unsecured, interest free and repayable on demand.

An impairment of the amounts owed by Group undertakings of £70.7 million (2013: £nil) was accounted for in 2014, following a review of the recoverability of amounts owed by subsidiary undertakings.

5 Creditors – amounts falling due within one year

	2014 £'m	2013 £'m
Bank loans and overdrafts	—	6.5
Trade creditors	0.4	0.3
Amounts owed to Group undertakings	0.3	—
Derivative financial instruments	—	1.0
Other creditors	0.2	0.5
Accruals	0.5	2.3
	1.4	10.6

Amounts owed to group undertakings are unsecured, non-interest bearing and have no fixed repayment date.

The derivative financial instruments held by the Company as at 30 April 2013 were interest rate swap contracts. During the year ended 30 April 2014, the Group repaid in full the Company and parent Company's external debt. As a result of the repayment of the debt, the interest rate swap contracts were terminated on 4 September 2013. In full and final settlement of all obligations with respect to the interest rate swap contracts, £0.8 million was paid to terminate the contracts.

6 Creditors – amounts falling due after more than one year

	2014 £'m	2013 £'m
Bank loans and overdrafts	—	86.6

At 30 April 2014, of amounts due over five years, £nil (2013: £52.5 million) was due as a lump sum payment, £nil (2013: £nil) was due in instalments.

On 4 September 2013 the Group repaid all external bank loans following the receipt of £143.3 million being the proceeds from the sale of Inenco Holdings Limited (see note 3). To support the on-going commercial bonding requirements of the Group, borrowing facilities were retained at Group level (see note 7).

7 Financial instruments

The Company's financial instruments comprise cash, bank loans and various other debtor and creditor balances that arise from its operations. The main financial risks arising from the Company's financial instruments are interest rate risk and liquidity risk. The Directors review and agree policies for managing each of these risks as follows:

Liquidity risk – through cash flow forecasting, daily monitoring and monthly review the Company monitors working capital and capital expenditure requirements. Liquidity risk is further managed by the agreement of bank borrowing facilities as require.

Interest rate risk –the Group its operations through a combination of shareholders' funds and bank facilities. The Group's bank facilities are liable to floating rates of interest.

No trading of financial instruments has been undertaken during the years ended 30 April 2014 or 30 April 2013.

7 Financial instruments (continued)

Interest rate risk profile of financial liabilities

All the Company's bank borrowing facilities are subject to floating interest rates at LIBOR plus a margin of between 4.5% and 5.0% per annum. The actual amount of interest payable is determined by the ratio of the Group's debt to EBITDA. The interest rate risk profile of the Company's bank borrowings during the year was:

	2014				2013			
	Total	**Capped rate financial liabilities**	**Floating rate financial liabilities**	**Weighted average interest rate**	Total	Capped rate financial liabilities	Floating rate financial liabilities	Weighted average interest rate
	£'m	**£'m**	**£'m**	**%**	£'m	£'m	£'m	%
Sterling at 30 April	—	—	—	**5.51**	93.1	93.1	—	5.85

Interest rate risk profile of financial assets

The Company has no financial assets, other than short term debtors and cash in hand. The Company has no significant interest bearing assets. The Company's income and operating cash flows are substantially independent of changes in market interest rates.

Maturity of financial liabilities

The maturity profile of the contractual undiscounted cash flows of the Company's financial liabilities, other than short term trade creditors and accruals during the year, was as follows:

	2014	2013
	£'m	£'m
Within one year or on demand	—	6.5
Between one and two years	—	10.8
Between two and five years	—	23.3
Over five years	—	52.5
	—	93.1

Borrowing facilities

The Company's undrawn committed borrowing facilities at 30 April 2014 were as follows:

	2014	2013
	£'m	£'m
Revolving credit facility	**15.0**	15.9
Capital investment facility	—	27.5
	15.0	43.4

Both undrawn facilities expire in less than five years.

Within the £15.0 million revolving credit facility, £6.0 million is eligible to be utilised to issue commercial bonds for the Group's subsidiaries.

The following table provides a comparison by category of the carrying amounts and the fair values of the Company's financial liabilities at 30 April 2014.

7 Financial instruments (continued)

	2014		2013	
	Book value £'m	**Fair value £'m**	Book value £'m	Fair value £'m
Long term borrowings	—	—	93.1	93.1

The fair value of borrowings equals their carrying amount as the impact of discounting is not material.

Foreign currency

The Company's policy is not to use forward contracts and as such has none outstanding at the year end (2013: none). The Company had no significant currency exposures at 30 April 2014 or 30 April 2013, therefore no numerical disclosures have been provided.

Capital risk management

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 the ultimate parent undertaking and benefits for other stakeholders and to maintain an optimal capital structure to reduce overall cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid, issue new shares, dispose of assets to reduce net debt or increase bank borrowings to increase net debt. When monitoring capital, the Group takes into account its overall level of net debt, net debt to EBITDA ratio and interest cover ratio. The Company has given the usual undertakings and security in relation to its syndicated bank facility. The Group has also undertaken to provide the usual monthly management information to the banking syndicate and has a covenant in place with its banks in relation to its bank borrowings using net debt/EBITDA ratio, which will only be calculated at each half year should the cash borrowings in relation to the revolving credit facility exceed £10.0 million.

8 Called up share capital

	2014		2013	
	Number of shares	**Total £'m**	Number of shares	Total £'m
Authorised				
Ordinary shares of 2 pence each	**400,000,000**	**8.0**	400,000,000	8.0
Allotted and fully paid				
Ordinary shares of 2 pence each	358,328,864	7.2	358,328,864	7.2

9 Share premium account

	£'m
At 30 April 2013 and **April 2014**	**99.5**

10 Capital redemption reserve

	£'m
At 30 April 2013 and **30 April 2014**	**0.1**

The capital redemption reserve was created by a repurchase of own shares during the year ended 30 April 2000.

11 Merger reserve

	£'m
At 30 April 2013 and **30 April 2014**	**37.9**

The merger reserve was created following the issue of own shares as part consideration to acquire Evolve Analytics Limited (formally RAS Limited) in October 2007.

12 Hedge reserve

	2014 **£'m**	2013 £'m
At 1 May	**1.1**	—
Interest rate hedge	**(1.1)**	1.1
At 30 April	—	1.1

The hedge reserve has been released following the termination of the financial derivative instruments 4 September 2013 (see note 5).

13 Profit and loss account

	2014 **£'m**	2013 £'m
At 1 May	**(113.6)**	(79.5)
Profit/(loss) for the year	**31.1**	(34.6)
Transfer from revaluation reserve	—	0.5
At 30 April	**(82.5)**	(113.6)

14 Reconciliation of movements in shareholders' funds

	2014 **£'m**	2013 £'m
Profit/(loss) for the financial year	**31.1**	(34.6)
Interest rate hedge	**(1.1)**	1.1
Net increase/(reduction) to shareholders' funds	**30.0**	(33.5)
Opening shareholders' funds	**32.2**	65.7
Closing shareholders' funds	**62.2**	32.2

15 Guarantees and other financial commitments

The Company has entered into an unlimited cross party bank guarantee between itself and certain of its larger Group companies. The resultant guarantee amounts to £nil at 30 April 2014 (2013: £123.7 million).

Notes to the financial statements for the year ended 30 April 2014 (continued)

16 Immediate and ultimate parent undertaking

The immediate parent undertaking is Cilantro Acquisitions Limited.

The Company's ultimate parent undertakings are Fourth Cinven Fund (No.1) LP, Fourth Cinven Fund (No.2) LP, Fourth Cinven Fund (No.3 – VCOC) LP, Fourth Cinven Fund (No.4) LP, Fourth Cinven Fund (UBTI) LP, Fourth Cinven Fund Co-Investment Partnership, Fourth Cinven (MACIF) Partnership and Fourth Cinven Fund FCPR (together the 'Cinven Funds'), being funds managed or controlled by Cinven Limited, a Company incorporated under the laws of England and Wales.

Accordingly, the Directors consider the Company's ultimate controlling party to be Cinven Limited.

Cilantro Midco Limited is the parent undertaking of the largest Group of undertakings to consolidate these financial statements at 30 April 2014. The consolidated financial statements of Cilantro Midco Limited are available from Ashwood Court, Springwood Way, Tytherington Business Park, Macclesfield, Cheshire, SK10 2XF, United Kingdom.

Cilantro Parent Limited is the parent undertaking of the smallest Group of undertakings to consolidate these financial statements. The consolidated financial statements of Cilantro Parent Limited can be obtained from Ashwood Court, Springwood Way, Tytherington Business Park, Macclesfield, Cheshire, SK10 2XF, United Kingdom.