

Annual Report and Accounts **2016**



Utilitywise plc

Registered number: 05849580

Utilitywise is one of the UK's leading business energy and water consultancies.

We help businesses get the most value from their energy and water contracts, reduce their energy and water consumption, and lower their carbon footprint.

Our strategic goal is to continue to grow market share in the UK, win and retain customers through the deployment of our innovative solutions, and replicate our success across mainland Europe.

Strategic report

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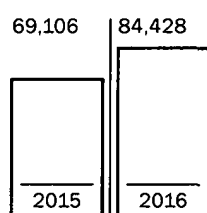
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*For more information,
visit **utilitywise.com***

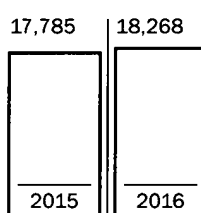
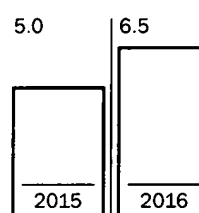
HIGHLIGHTS

Financial highlights

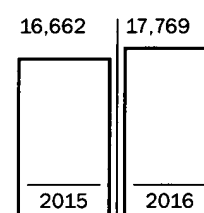
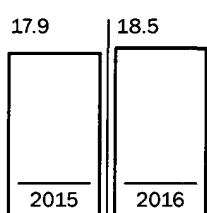
Revenue £000

84,428 +22%


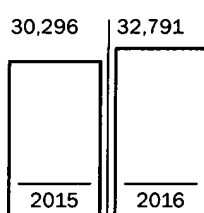
EBITDA* £000

18,268 +3%
Total dividend
for the year p
6.5 +30%


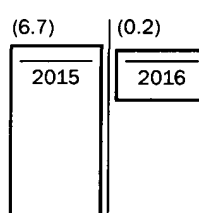
Profit before tax** £000

17,769 +7%
Diluted earnings
per share# p
18.5 +3%


Gross profit £000

32,791 +8%


Net debt £m

(0.2) -97%


Operational highlights

- 35% growth in Enterprise UK and Ireland order book additions to £84.5m, driven by productivity gains and multi-channel strategy
- Improved supplier terms lead to a substantial improvement in net debt
- UK and Ireland customer numbers increased 23% to 32,000
- International customer numbers increased 49% to 6,500
- Partnership agreement signed with Dell to advance Energy Services offering

Post period end highlights

- Energy consultant headcount increased to 637 as at 30 September 2016
- Future secured revenue as at 30 September 2016 – £28.3m
- Appointment of Brendan Flattery as Group Chief Executive

* Excluding share based payment expenses of £0.6m (2015: £0.7m), exceptional items relating to acquisition costs of £nil (2015: £0.6m), legal, restructuring and re-organisation costs of £1.2m (2015: £0.2m), exceptional impairment of goodwill £1.3m (2015: £nil) and exceptional credit of £5.7m (2015: £0.2m) relating to the release of a contingent consideration (2015: relating to the release of a brought-forward provision).

** As above, and excluding amortisation relating to acquired intangibles of £1.9m (2015: £1.2m).

As above, and including the tax impact of the above adjustments.



OUR BUSINESS AT A GLANCE

We provide a comprehensive utility management solution to all sizes and types of business across the UK and Europe.

OUR PROPOSITION

Strong supplier relationships and a comprehensive product and service range enable us to maximise value at every stage of the management cycle.

COMPLIANCE AND
ACCREDITATIONS

PROCUREMENT
AND TENDERING

CONTROLS
AND REDUCTION

MONITORING
AND REPORTING

Learn more about our business model on pages 6 and 7

What we offer:

- Energy procurement
- Energy and water measurement
- Energy and water efficiency and carbon reduction schemes
- Ecofit product installation and project management
- Water services, including bill auditing

6

offices
worldwide

1,600

members of staff

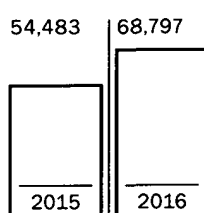
OUR TWO DIVISIONS

ENTERPRISE

- Services small, medium and multisite opportunities
- Providing:
 - a range of fixed procurement packages, which incorporate monitoring and energy-saving products; and
 - a full utility management service covering power, gas and water.
- Fast sale cycle enabled by Quantum, our in-house CRM system
- Historic engine of organic growth
- Uses well established trading arrangements with UK energy suppliers

Enterprise revenue¹ £000

68,797 +26%

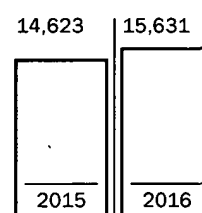


CORPORATE

- Industrial and commercial (I&C) focus
- Providing:
 - a range of bespoke fixed and flexible energy procurement packages; and
 - a full set of monitoring, management, invoice checking, energy market advice and energy-saving products.
- Consultative sales cycle
- Delivers a broad array of products and services

Corporate revenue¹ £000

15,631 +7%



1 Excluding intercompany revenue.

OUTGOING CHAIRMAN'S STATEMENT

I am pleased to report another year of growth and excellent operational progress. Revenue increased by 22% in the year to £84.4m, delivering adjusted EBITDA of £18.3m and adjusted profit before tax of £17.8m, increases of 3% and 7% respectively.

Richard Feigen, Non-executive Chairman.

Highlights

Strong revenue growth

Reduced Group net debt to only £0.2m at the year-end compared to £6.7m last year

Continued our programme of strengthening our management team

Integration of t-mac Technologies has been successful and has enabled the Group to access additional opportunities

Partnership with Dell to introduce Internet of Things (IoT) Building Automation solutions to customers is progressing well

The Group now looks after over 32,000 customers in the UK and Ireland and over 6,000 in Europe

During my role as Chairman in the period I am pleased to report another year of growth. Revenue increased by 22% in the year to £84.4m, delivering adjusted EBITDA* for the period of £18.3m and adjusted profit before tax** of £17.8m, increases of 3% and 7% respectively. This growth has principally been driven by our Enterprise Division.

The demand for our range of products and services remains strong and our confidence in the clear and growing opportunity available to the Group is reflected in the considerable investment we have made across the business in the year. The strength of our proposition is demonstrated by growth in the Enterprise (UK and Ireland) order book additions of 35%, to £84.5m, over the course of the financial year.

Alongside this strong growth, I am particularly pleased to report that we have reduced Group net debt to only £0.2m at the year-end compared to £6.7m last year. The Group has devoted significant time on improving our cash conversion by negotiating improved commercial terms with our energy suppliers. The successful change in payment terms combined with a reduced reliance on renewals and extensions has improved the cash conversion and we expect this to continue.

* defined as EBITDA adjusted for share based payments and exceptional items.

** defined as profit before tax adjusted for share based payments and exceptional items and amortisation relating to acquired intangibles.

We have continued our programme of strengthening our management team with the appointment of Brendan Flattery who started on the 1 October 2016 as the Group Chief Executive (CEO). Geoff Thompson, the founder and previous CEO of the business has stepped up to the role of Executive Chairman and I have taken up a non executive role. Earlier in the year Steve Attwell, Managing Director of our Enterprise Division left the Group and Chris Charlton was promoted internally having successfully managed the European business immediately prior.

The integration of t-mac Technologies has been successful and has enabled the Group to access additional opportunities as a result of the enhanced offering. The acquisition added market leading cloud based energy monitoring and controls capabilities to our service portfolio. The partnership with Dell to introduce Internet of Things (IoT) Building Automation solutions to customers is progressing well with trials underway and we see a significant opportunity to roll this out to both new and existing customers. The investment in the development of the Energy Services capability is evidenced by the results in our Corporate division which reduced against the prior year but the investment which continues into the new year will provide the Group with an exciting opportunity.

The Group now looks after over 32,000 customers in the UK and Ireland and over 6,000 in Europe. The Trusted Advisor framework we introduced last year continues to deliver the consistency and complete delivery of all applicable products and services as part of our Utility Management Plan proposition. As predicted this is illustrating that we can establish a relationship with potential customers outside of their normal procurement contract cycle. Our Net Promoter Score remains very strong at 58, demonstrating the level of positive engagement that our customers have with the Group.

Testament to the success of our multi-channel strategy and productivity initiatives, we have still managed to achieve strong growth in revenue and order book additions despite the small increase in our Energy Consultant headcount. As previously announced, the year was impacted by the Energy Consultant headcount falling behind the planned growth rate and as a result the year-end number of 625 represented only a 2.5% increase over the prior year of 610 and although we have been successful in recruiting new Energy Consultants during the period, the net increase was low due to the level of attrition. The attrition challenge is being proactively addressed by a number of initiatives following the appointment of our People Operations

Director. These include improvements to the recruitment process, a new on-boarding, training and coaching programme to advance Energy Consultant success rates and the strengthening of team and management structure including a higher ratio of support staff to Energy Consultants.

I have thoroughly enjoyed my time as Chairman of the Group and look forward to supporting Geoff Thompson in his new role as Chairman and Brendan Flattery as the new Group CEO.

The Board is pleased to recommend a final dividend payment of 4.3p per share (2015: 3.3p), making a total of 6.5p for the year (2015: 5.0p), an increase of 30%, and continues to view the future with confidence.

Richard Feigen
17 October 2016



Learn more about our governance
on page 14

Learn more about our financial statements
on pages 21 to 68

OUR BUSINESS MODEL AND STRATEGY

Utilitywise continues to specialise in energy procurement and energy management services for businesses. The Company negotiates rates with energy suppliers on behalf of business customers, provides an account care service, and offers a range of products and services designed to assist customers in managing their energy consumption.

Customers are based throughout the UK, the Republic of Ireland and certain European markets, across a variety of industry sectors and the public sector, and range in size from small single-site customers to large multi-site customers.

Our business model

The Company has developed its routes to market as follows, for the delivery of these services.

- The Company continues to employ energy consultants who contact prospective customers identified by the Company's bespoke IT search system to offer a potentially reduced energy tariff and various energy management products and services designed to assist in identifying ways to reduce that customer's overall energy consumption.
 - Secondly, the Company operates a 'partner channel' where organisations refer customers to Utilitywise and commissions generated from those customers are shared between Utilitywise and the referring organisation.
 - The Company also employs 'field based' energy consultants who target organisations that cannot be effectively reached via the core telemarketing channel.
 - The Company has a dedicated business development team that target larger I&C prospective customers. For these prospective customers the process is more consultative and bespoke and, whilst it may lead with an energy procurement discussion, it often includes a range of the broader service elements.
 - The Company has developed an online site intended to assist customers comparing tariffs. It is specifically for customers with certain smaller consuming meters, enabling them to switch supplier with minimal human intervention, thereby making the service viable for smaller customers.
-

The Group has continued to develop in all of these areas. The Group is organised in two divisions Enterprise and Corporate.

The Enterprise Division services SME and mid-market customers.

Following integration of four acquired businesses – namely Clouds Environmental Consultancy Limited, Aqua Veritas Consulting Limited, Energy Information Centre Limited (EIC) and t-mac Technologies Limited, the Corporate Division was created to service larger I&C customers.

The Directors continue to believe that the UK market fragmentation, the low penetration of third party intermediaries (TPIs) in the UK commercial market and the Company's current share of the total potential market mean that there is an opportunity to increase the Company's market share through organic growth and acquisitions.

Our strategy

Utilitywise was established to assist the SME market in procuring their gas and electricity. It was a poorly served market with traditional consultants and brokers focusing on large customers. It became apparent that the SME market was very receptive to assistance and we have continued to expand our ability to service this market with increases in personnel and capabilities.

As we developed the business we started to build further capabilities that allowed our customers to monitor their usage and provided a reporting platform in order to aid better consumption management.

The strategy of the Group has been reinforced via acquisitions, which brought in more capabilities and expertise including the procurement of utilities for industrial and commercial customers, the ability to monitor water consumption via our OBox water sub-metering product, and an audit and compliance capability. These acquisitions typically targeted the larger customer but we have used these skills to enhance our offering to our core historic SME customer.

The acquisition of t-mac Technologies in April 2015 added market leading cloud based energy monitoring and controls capabilities to our service portfolio and we have shown great progress integrating this business alongside our Corporate and our Enterprise customer base. The number of customers across the group benefitting from the 'smartdash' data analytics software we acquired with t-mac is currently at 1,808 and a plan is in place to roll out the software to all customers, as we arrange installation of its AMR Smart Meter. This data-led service enables a wider and more comprehensive dialogue around energy management with customers and includes the

deployment of our Edd:e monitoring hardware alongside the t-mac controls hardware as a key part of this.

In the current year we have been named an OEM partner by Dell as part of a joint strategy to introduce Internet of Things (IoT) Building Automation solutions to customers. IoT connects internet-enabled devices with powerful software to provide users with a more granular level of control over energy-consuming assets. Devices include heating, ventilation and air conditioning (HVAC), security, refrigeration and lighting, which have traditionally operated as standalone entities. Connecting disparate devices together in a single, intelligent system can provide significant cost and performance advantages over traditional Building Energy Management Systems (BeMS) solutions. IoT technology enhances our existing t-mac BeMS capability. When we acquired t-mac, we recognised that the emerging IoT landscape would complement its cloud based analytics and controls solution. Now, in addition to providing traditional BeMS users with enhanced solutions, IoT technologies will enable Utilitywise to offer affordable solutions to SMEs that are usually priced out of this market. Our strategy is to provide a comprehensive utility solution to all sizes of customer.

In addition to the Company's aim of growing its market share of both SME and I&C customers, the Directors believe that there is an opportunity to capitalise on the Company's established relationships with energy suppliers who continue to show an interest in the Company's energy management products and services for sale into the supplier's customer base.

Consequently, the Group's strategy remains focused on three key areas:

1 ORGANIC GROWTH

The scaling and investment in the UK procurement and services business model will continue and the number of energy consultants is planned to increase.

2 ACQUISITION

The Group continues to evaluate acquisitions that will add to the overall proposition.

3 EUROPEAN EXPANSION

A clear market opportunity exists and, utilising the experience and infrastructure of our acquired business Icon Communication Centres s.r.o, we continue to evolve our business model across Europe.

OUR PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties faced by the Group are outlined below.

Risk and description	Mitigation
RELIANCE ON KEY SUPPLIERS	
A significant proportion of the Group's revenues are derived from commissions paid by a small number of energy suppliers. Should these energy suppliers decide in future not to engage with the Group or with third party intermediaries (TPIs) generally and, instead, engage directly with customers, the Group would suffer a loss in revenues related to the commission payable by such energy suppliers.	The Group maintains strong relationships with its suppliers and we will work together to resolve any minor issues before they become significant. The Group ensures that it is in constant dialogue and has trading with all of the major energy suppliers to help mitigate this risk. The Group further aims to mitigate this risk by providing a unique suite of products and services.
EXPOSURE TO UNDERLYING CUSTOMERS	
The Group's customers pay the energy supplier directly for the energy consumed, with the Group receiving its commissions from the energy supplier. The Group is, however, at risk should the customer cease trading. Should this occur, the Group would suffer a loss in future revenues related to the commissions associated with the future energy consumption of that customer.	It should be noted, however, that the energy supplier usually undertakes credit checks on customers prior to entering into a contract to supply energy. We do not recognise the full value of the revenue recognised for commissions from energy suppliers and provide for the variability in the commissions estimated at the time the contract goes live and the eventual commissions due when actual data is known. This provision and the associated estimate of the variability (sometimes referred to as the leakage rate) are updated regularly using maturing contracts in order to predict the future variability on all contracts yet to mature.
CUSTOMER SERVICE AND DELIVERY	
We expect to deliver exceptional service to the end user of the energy we procure on their behalf. Although we do not in most cases have a contractual relationship with the end consumer, as our contractual customer is the energy supplier, we target the delivery of an exceptional service and overall experience with Utilitywise.	The renewal rate is an obvious gauge of our success in retaining customers and this, together with the various additional products and services we can offer, helps us differentiate our offering from the competition.
COMPETITION	
The Group has a number of competitors. These competitors may announce new services, or enhancements to existing services, that better meet the needs of customers or changing industry standards.	Management continues to develop and offer a full range of energy services products to help mitigate competition risk.

Risks relating to financial instruments are disclosed in note 3 in the notes to the financial statements on pages 32 and 33

Risk and description

Mitigation

RECRUITMENT AND RETENTION OF THE RIGHT PEOPLE

Recruiting and retaining the right people is critical for the success of the Group in meeting our objectives. Energy Consultant headcount has remained relatively static in the year as a result of increased attrition, which has offset recruitment in the period.

To mitigate the attrition risk, the Group has invested heavily in recruitment and on-boarding processes, management structures and training and development.

SECURITY AND RESILIENCE OF OUR NETWORKS AND IT SYSTEMS

We place significant reliance on the networks and IT systems within our business. The day-to-day running of our Enterprise Division, for instance is reliant on the in-house developed Quantum CRM system and any extended downtime would impact the Group's ability to transact with the end energy consumer. It is therefore essential that we build security and resilience into the networks and systems to mitigate the risk from attacks and system failures.

We are continually developing our systems and we continue to make significant investment in our IT infrastructure to improve the resilience of our key systems.

LIQUIDITY

The Group has a revolving credit facility (RCF). The Group's cash flow forecast indicates that there is sufficient headroom in order to fund the Group's strategic objectives. We expect to be able to rely on the debt markets to refinance the RCF at its maturity in April 2019.

The Group transacts with energy suppliers and we consider the risk attached to these to be low.

LEGISLATION AND REGULATORY

Legislation may change in a manner that may require more strict or additional standards of compliance than those currently in effect thereby creating additional costs. In addition, the government may implement legislation requiring changes to current fee structures for TPIs. Should such legislation be passed there may be a material adverse effect on the Group's financial condition and operating results.

Currently, energy procurement is an unregulated market. Should regulation be introduced to cover the Group's activities, the increased regulatory burden could impact on the profits of the Group.

We maintain a positive dialogue with all regulatory bodies and look to conduct ourselves in a manner that would be consistent with any likely regulatory change. However, it should be noted that the Board believes that the Group operates in line with best market practice, including the provisions of the OFGEM retail market review, and in its view any such regulation would initially impact on the smaller energy consultancy and brokering businesses. Should such legislation be passed that differs materially from our expectation, there may be a material adverse effect on the Group's financial condition and operating results.

Risks relating to financial instruments are disclosed in the notes to the financial statements.

BUSINESS REVIEW

The Group has continued to grow significantly in the year under review with revenues growing 22%.

Performance

The Group has grown significantly in the year with revenue increasing 22% from £69.1m to £84.4m, driven principally by the Enterprise Division.

Enterprise

The Enterprise division, which serves the SME market, has shown good growth despite the headcount only growing 2.5% year on year. This is demonstrated by the increase achieved in Enterprise (UK and Ireland) order book additions of 35%. The Energy Consultant headcount was planned to be ahead of this position but the previously announced staff attrition through the year held back the growth expected. We have implemented a number of strategies to address this and to attract and retain the high quality staff required. These are showing early signs of delivering with the headcount as at 30 September improving to 637.

Notwithstanding the staff attrition headwinds, revenue generated by the Enterprise Division in 2016 was £68.8m compared to £54.5m in the previous year (an increase of 26% on 2015), with a 20% increase in EBITDA to £17.1m. Within the Enterprise Division, the European division generated revenues of £7.7m compared to £5.5m in the previous year and it has progressed well with continued progress in the two main markets we serve, Germany and France.

Corporate

The Corporate division, servicing larger customers on a more consultative basis, has traded satisfactorily. The roll out of the "smartdash" data analytics software

we acquired with t-mac is continuing. The partnership with Dell to introduce Internet of Things (IoT) Building Automation solutions to customers is progressing well with trials underway and we see a significant opportunity to roll this out to both new and existing customers.

Revenue generated by the Corporate Division increased to £15.6m, up 7% from £14.6m in 2015 aided by the full-year revenue of t-mac, an increase of £1.7m over t-mac revenue from the prior year. Revenue for t-mac was £3.4m compared to the period included in 2015 from the point of acquisition in April 2015 of £1.7m. EBITDA declined by £2.3m reflecting the lower margin ESOS project work together with our investment in our capability to deliver the wider Energy Services offering. ESOS project work resulted in the acquisition of 214 new customers with 37% actively considering procurement.

Group

Gross margin was 38.8% for the year against 43.8% for 2015. The gross margin has fallen this year, in part due to the high attrition in the Consultant population in Enterprise. In the Corporate division, lower margin revenues in the ESOS project work, the investment required to establish the energy services team and costs associated with trialling t-mac and IoT have also contributed to the reduction in margin. The t-mac and IoT trials will continue in to the new year as we finesse the right product bundles for the differing customer sizes and ensure the product delivers the savings expected.

Overheads have increased but importantly at a rate below the growth rate in revenues. We have seen the overheads increase across the main support function to ensure that the business is set up to support the growth required.

Adjusted EBITDA, defined as EBITDA adjusted for share based payments and exceptional items for the period was £18.3m, an increase of £0.5m (3%) on the prior period to 31 July 2015.

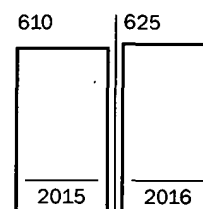
The exceptional amounts relate to the release of the deferred consideration we expected to pay to the vendors of t-mac Technologies of £5.7m, net of discounting, offset by an impairment charge to the carrying value of the goodwill relating to t-mac of £1.3m. The business is performing satisfactorily and we are successfully integrating the t-mac smart dash software reporting solution across both Enterprise and Corporate customers. However, the revenue streams to be derived from the full integration into the wider Energy services offering are largely planned to fall outside the earn out period and the order book and business activity without these will not be sufficient currently to pay further sums to the vendors. The impairment charge reflects the timing changes to the revenue and profits arising from the business. There are various legal and restructuring charges incurred of £1.2m also included.

Key performance indicators

Some of the key performance indicators used by the Directors are as follows:

Energy consultants At 31 July

625 +2.5%



Net debt at the end of the year was £0.2m which was a significant improvement on the position as at the end of July 2015 of £6.7m. The net debt position reflects the improved payment terms we have managed and continue to negotiate with our customers the energy suppliers.

Outlook

We are confident in our outlook for the year ahead and having started the year in line with expectations, look forward to continued strong revenue growth and profit generation.

We have significantly strengthened the management team in the past few months to drive the continued development of our business, fully harness opportunities that exist in the market, and create differentiation for the Utilitywise brand. We have invested significantly in new products and services and will launch in Q2 our family of intelligent 'Internet of Things' technology solutions that connect businesses of all shapes and sizes to their energy, enabling them to manage usage and be more efficient. In addition, we have and continue to innovate with compelling and unique propositions such as the Advantage Plan, creating recurring revenue streams, and changing the nature of our billing relationship with customers. The deregulation of the commercial water market in England also provides us with a robust customer engagement and revenue opportunity that we will run alongside our existing energy procurement offering.

Furthermore, we have and continue to make improvements operationally, with a significant investment in People and creation of a dedicated People Services function, and the work done to improve the employer brand in order to attract and retain the high quality staff so far is showing early signs of working, with improvements in productivity, which we expect to continue to pay dividends throughout the year and into the future.

Lastly, we are very excited to have on board a new CEO, and will be conducting a strategic refresh in the coming months, which we believe will provide fresh impetus to the strong growth platform and model we already possess.

Customer growth

Our core energy intermediary offering to commercial customers has continued to scale throughout this reporting period as evidenced by the volume of new customers we contracted in 2016. As at our IPO in June 2012 we had over 10,000 contracted customers and this grew to circa 32,000 customers by July 2016 in the UK & Ireland.

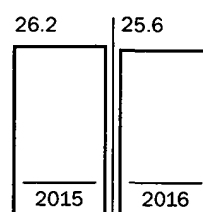
Given the sophistication of our leading software-based analysis tools, headcount remains the greatest driver of our core offering in order to convert the vast number of opportunities identified. As such, we will continue to add further to our staffing levels over the course of the current year.

Approved by the Board of Directors and signed on behalf of the Board on 17 October 2016.

Jon Kempster
Company Secretary
17 October 2016

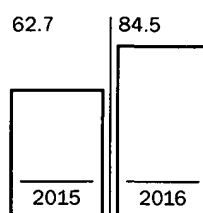
Future secured revenue* £m

25.6 -2.3%



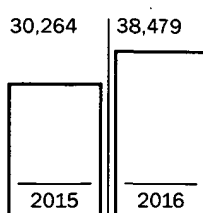
Enterprise UK & Ireland order book additions £m

84.5 +35%



Total Group customers

38,479 +27%



* Where future secured revenue is contracts that have been won but are not currently live and therefore have no contribution to these financial statements.

BOARD OF DIRECTORS

The Board recognises the importance of high standards of corporate governance and has ultimate responsibility for the management of the Group.

Geoff Thompson, 54
Executive Chairman

Geoff is a science graduate and holds an MBA from Newcastle University. He founded Utilitywise in 2006, having previously held senior management posts within Amicus Outsourcing Limited (a business process outsourcing company) and Spark Response Limited, where he was responsible for the company's customer contact and fulfilment businesses. He gained specific energy experience while supporting energy supply companies in acquiring new customers via a range of direct marketing approaches.

The CEO since founding the Company, Geoff became Executive Chairman on 1 October 2016.

Brendan Flattery, 52
Chief Executive Officer

Brendan joined the Company as CEO on 1 October 2016. Prior to his appointment, he was at The Sage Group plc for 13 years, where he held roles including CEO, UK & Ireland and managing director, small business & mid-market divisions. In his role as president, Europe he was responsible for leading a 7,000-person business unit operating across eleven countries and generating annual revenues of around £800m from a customer base of more than 2 million.

Prior to joining Sage, Brendan held senior positions at Yates Group plc, Intercare plc and Park Group plc, and has also run his own small business.

Jon Kempster, 53
Chief Financial Officer

Jon, a Chartered Accountant, joined the Company in October 2013 as a Non-executive Director and was appointed CFO in October 2014. He has spent most of his career in a public company environment and was the finance director of Fii plc, Linden plc, Low & Bonar plc, Delta plc and Wincanton plc.

Jon is also a director of JVM Ltd, a private group selling construction equipment throughout European Russia, and a trustee of the Delta Pension Scheme.

Brin Sheridan, 52
Chief Operating Officer

Brin joined Utilitywise in November 2015. He has extensive experience in the field of energy management within the built environment space, having joined The Energy Solutions Group as managing director in 2006, where he led the growth and development of the business. Brin previously held UK and European leadership positions with Satchwell Control Systems and Schneider Electric, and is an expert in the deployment of energy-saving technologies.

Richard Feigen, 57
Non-executive Director

Richard has worked as an advisor to SMEs since 1986, advising on numerous IPOs, rights issues, mergers and acquisitions. For eleven years he was managing director and head of investment banking at Seymour Pierce, leading it from a small brokerage firm to the UK's top ranking AIM broker and advisor, and he later founded Hub Capital Partners, which acted as financial advisor to Utilitywise. He is currently the group chief executive of Capital Access Group.

Richard was Non-executive Chairman of Utilitywise from its flotation in June 2012. On 1 October he stood down from this role but remains on the Board as a Non-executive Director, and sits on the Audit and Nomination Committees.

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Tom Maxfield, 67
Independent Non-executive Director

Tom was sales director at The Sage Group plc from 1984 to 1997 and was part of the team responsible for Sage's rapid growth. He set up and maintained at Sage the largest and most successful reseller and distribution channel for accounting software in the UK. Tom was a main board director at Sage from its flotation in 1989 until 1997. After leaving Sage, he created Tom's Companies, a portfolio of upmarket hotels and properties in the North of England, which he sold to Von Essen Hotels in March 2008.

Tom was appointed as a Non-executive Director of Utilitywise in May 2012. He chairs the Nomination Committee and sits on the Audit and Remuneration Committees. He is also on the board of a number of private technology companies.

A N R

Paul Hailes, 53
Independent Non-executive Director

Paul is a Certified Chartered Accountant. In 1993 he joined Immunodiagnostic Systems Limited as the company accountant, and was appointed finance director in 1996. Having participated in a management buyout, Paul was part of the team which secured Immunodiagnostic's admission to AIM in 2004.

Paul was appointed as a Non-executive Director of Utilitywise in May 2012. He chairs the Audit and Remuneration Committees and is a member of the Nomination Committee.

Paul has a number of other non-executive appointments.

A N R

Jeremy Middleton, 55
Non-executive Director

Jeremy started his career as a brand manager with Procter & Gamble, and spent a number of years working for PwC as a marketing consultant. After going into business on his own, he co-founded HomeServe, an insurance and maintenance company which was later floated and is now a FTSE 250 company. Today Jeremy runs an investment company, Middleton Enterprises, which backs developing businesses in the North East.

Jeremy was appointed a Non-executive Director of the Company in October 2013.

Key
Committees

- A Audit Committee
- N Nomination Committee
- R Remuneration Committee
- c Chairman of Committee

CORPORATE GOVERNANCE STATEMENT

The Board recognises that the purpose of corporate governance is to enable the Company to deliver growth in long-term shareholder value by maintaining a flexible, efficient and effective management framework – an architecture of accountability – within an entrepreneurial environment.

The responsibilities of the Board include setting the Company's strategic aims, providing the leadership to put them into practice, overseeing the management of the business, maintaining sound risk management and internal control systems, and reporting to shareholders on their stewardship. The Board's role also encompasses establishing the culture, values and ethics of the Company and setting the 'tone from the top'.

The Board firmly believes that well-run companies achieve sustained success and that this is, ultimately, predicated on a sound system of governance, which is in itself a powerful management tool. The Company therefore intends to comply with the UK Corporate Governance Code to the extent practicable for a business of its size and complexity.

Board composition and meetings

The Board comprises the Executive Chairman, three Executive Directors (the CEO, the CFO and the COO) and four Non-executive Directors, and intends to appoint a Senior Independent Director.

The Executive Directors are responsible for the implementation of strategy and policies and for the day-to-day decision making and administration of the Group.

The Non-executive Directors, a majority of whom are considered independent, have a diverse range of skills and backgrounds to ensure an appropriate spread of experience in their representation on the Board and Board Committees. They provide valuable oversight, challenge constructively and provide balance such that no individual or small group of Directors can dominate the Board's decision making.

All the Directors recognise the unitary Board structure and that under UK law their duties are identical. The Board meets formally ten times a year and on an ad hoc basis as necessary.

Separation of the roles of Executive Chairman and Chief Executive Officer

The Executive Chairman and the CEO each have a detailed, Board-approved schedule of responsibilities, which ensures a clear separation of roles and differentiates the leadership of the Board (the Chairman's job) from the running of the business (the CEO's job).

Matters reserved for the Board and matters to be delegated

The Directors have approved and adopted a schedule of matters reserved for the Board, in respect of which decisions must be taken by the Board as a whole. This is a detailed list of items which fall under the following headings:

- Strategy and Management;
- Structure and Capital;
- Financial Reporting, Controls and Systems;
- Risk Management and Internal Controls;
- Commercial Contracts and Tenders;
- Communications;
- Board Membership and Other Appointments;
- Remuneration and Benefits and Employment Matters;
- Company Policies; and
- Legal and Insurance.

Under the same headings the Board has developed an approvals matrix for matters to be delegated, which states to whom the item can be delegated (for example, to the CEO/CFO/individual Director/Company Secretary/senior executive) and, if appropriate, at what level of cost or risk.

This is a 'living' document which will be reviewed annually by the Board.

Risk management and internal controls

Risk management and internal control is a key pillar of effective corporate governance. It is the Board's responsibility to determine the Group's appetite for risk in relation to its strategic aims and objectives, to maintain sound risk management and internal control systems, and, through the Audit Committee, to review the effectiveness of these on an annual basis.

Board Committees

Audit Committee

Members during the year: Paul Hailes (Chairman)
Richard Feigen
Tom Maxfield

The Audit Committee is responsible (inter alia) for:

- monitoring the integrity of the financial statements of the Group, including its annual and half yearly reports, interim management statements, results announcements and any other formal announcement relating to its financial performance, and reviewing the significant financial reporting issues and judgements they contain;

- reviewing the adequacy and effectiveness of the Group's financial controls and its risk management and internal control systems;
- overseeing the relationship with the external auditor including its appointment, re-appointment or removal, terms of engagement, fees and independence;
- receiving the annual audit plan and reviewing the findings of the audit with the external auditor; and
- reporting to the Board and making recommendations on those matters within its remit.

The Audit Committee meets at least three times a year and at appropriate intervals in the financial reporting and audit cycle and has unrestricted access to the Group's external auditor and the services of the Company Secretary. The Chief Financial Officer and other Directors and executives attend Audit Committee meetings by invitation.

Remuneration Committee

Members during the year: Paul Hailes (Chairman)
Tom Maxfield

The Remuneration Committee is responsible (inter alia) for:

- determining the remuneration policy and approving the individual remuneration packages of the Executive Directors, the Company Secretary and other senior executives, in order to ensure that members of the executive team are recruited, incentivised and rewarded in a fair, consistent and responsible manner;
- approving the design of and targets for any performance-related pay schemes operated by the Company;
- reviewing the design of all share incentive plans for approval by the Board and (if appropriate) shareholders and determining the awards to be made under such plans;
- ensuring that the contractual terms on termination of Executive Directors and other senior executives, and any payments made, are fair to both the individual and the Company;
- overseeing any major changes in employee benefits structures throughout the Company;
- selecting, appointing and setting the terms of reference of any remuneration consultants who advise the Remuneration Committee;
- carrying out or commissioning adequate benchmarking and research to enable it to fulfil its obligations; and
- reporting to the Board and making recommendations on those matters within its remit.

The Remuneration Committee meets at least twice a year at appropriate intervals in the reward cycle and at other times as required. The Committee has unrestricted access to the Company's external remuneration consultants and the services of the Company Secretary. The CEO, the People Operations Director and other executives attend Remuneration Committee meetings by invitation.

Nomination Committee

Members during the year: Tom Maxfield (Chairman)
Richard Feigen
Paul Hailes

The Nomination Committee is responsible (inter alia) for:

- reviewing the structure, size and composition of the Board, and making recommendations with regard to any changes;
- Board succession planning, taking into account the challenges and opportunities facing the Company;
- preparing a job description and personnel specification in respect of any Board vacancy, having due regard to the balance of skills, knowledge, experience and diversity on the Board, prior to undertaking any search and selection process;
- engaging recruitment consultants as necessary to facilitate the search and selection process;
- interviewing, identifying and nominating candidates to fill Board vacancies;
- recommending to the Board the re-election of Directors by shareholders at the AGM; and
- reporting to the Board and making recommendations on those matters within its remit.

The Nomination Committee meets at least twice a year at appropriate intervals in the annual cycle and at other times as required. The Committee has unrestricted access to external recruitment consultants, the People Operations Department and the services of the Company Secretary. The CEO, the People Operations Director and other executives attend Nomination Committee meetings by invitation.

Relationship with shareholders

The Company values its dialogue with both institutional and private investors. Effective two-way communication with fund managers, institutional investors and analysts is actively pursued and this encompasses issues such as performance, policy and strategy.

Private investors are encouraged to participate in the Annual General Meeting, at which the Chairman presents a review of the results and comments on business activity. The Chairmen of the Audit, Remuneration and Nomination Committees will be available at the AGM to answer any shareholder questions.

DIRECTORS' REPORT

The Directors submit their annual report on the affairs of the Group together with the financial statements and Independent Auditor's Report for the year ended 31 July 2016.

Results and dividends

The consolidated income statement is set out on page 21 and shows a before tax profit of £18.4m for the period.

The Board is proposing a final dividend of 4.3p (2015: 3.3p) per share making the total dividend for the year 6.5p (2015: 5.0p) per share subject to the approval of the shareholders at the Annual General Meeting. The dividend per share will be paid on 19 December 2016 to shareholders on the register at close of business on 25 November 2016. The associated ex-dividend date is 24 November 2016.

Principal activity

The principal activity of the Group in the year under review was that of an intermediary for energy supplies to the commercial market. The Group provides energy management services including procurement, energy reduction and audit, carbon offsetting, smart metering, water brokerage, design, manufacture and supply of timers, controllers and building management systems, and the Internet of Things.

Directors

The Directors, who served throughout the year except as noted, were as follows:

Name of Director	Board title	Date of appointment
R Feigen	Non-executive Chairman	10 May 2012
G Thompson	Chief Executive Officer	22 January 2008
J Kempster	Chief Financial Officer	15 October 2013
A Richardson	Deputy Chief Executive	3 November 2009
S Attwell	Managing Director – Enterprise Division	12 August 2015
R B Sheridan	Chief Operating Officer	16 November 2015
P Hailes	Non-executive Director	10 May 2012
T Maxfield	Non-executive Director	10 May 2012
J Middleton	Non-executive Director	15 October 2013

Andrew Richardson resigned as a Director on 27 October 2015.

Geoff Thompson, previously Chief Executive Officer, was appointed Executive Chairman on 1 October 2016.

Brendan Flattery was appointed as a Director and as Chief Executive Officer on 1 October 2016.

Richard Feigen stood down as Non-executive Chairman on 1 October 2016 and remains on the Board as a Non-executive Director.

Steve Attwell resigned as a Director on 8 August 2016.

Substantial shareholdings

As at 31 July 2016, the Group had been notified, in accordance with sections 791 to 828 of the Companies Act, of the following interests in the ordinary share capital of the Group:

Name of holder	Number of shares	% of issued share capital
Woodford Investment Management	21,546,417	27.59%
River and Mercantile Asset	4,150,000	5.31%
Denver Investment Advisors	3,887,741	4.98%
Hargreave Hale	3,204,000	4.10%
Milton Asset Management	3,028,462	3.88%
Hargreaves Lansdown	2,599,104	3.33%

For Directors' substantial shareholdings please refer to the Directors' interests note in this report.

Directors' remuneration

The normal remuneration arrangements for Executive Directors consist of Directors' fees, basic salary and annual performance-related bonuses.

In addition, they receive private health care, permanent health insurance, company car or car allowance, and pension contributions.

Directors' emoluments

	Fees/basic salary £	Pension contribution £	Benefits in kind £	Bonus £	2016 total £	2015 total £
Executive						
G Thompson	206,000	24,000	2,538	—	232,538	219,944
A Richardson	51,500	6,000	1,908	—	59,408	231,314
J Kempster	250,000	24,333	8,487	—	282,820	201,243
R B Sheridan	146,900	6,667	2,126	33,334	189,027	—
S Attwell	183,600	18,131	—	—	201,731	—
Subtotal	838,000	79,131	15,059	33,334	965,524	652,501
Non-executive						
R Feigen	90,000	1,800	1,140	—	92,940	90,450
P Hailes	30,000	600	—	—	30,600	30,600
T Maxfield	30,000	—	—	—	30,000	30,000
J Middleton	30,000	—	—	—	30,000	30,000
Subtotal	180,000	2,400	1,140	—	183,540	181,050
Total	1,018,000	81,531	16,199	33,334	1,149,064	833,551

Directors' interests

The Directors who held office at 31 July 2016 had the following interests in the issued share capital of the Company:

	Ordinary shares	
	2016	2015
Executive		
G Thompson	8,559,414	8,546,101
J Kempster	21,000	21,000
R B Sheridan	—	—
S Attwell	—	—
Non-executive		
R Feigen	68,675	68,675
P Hailes	45,001	33,334
T Maxfield	66,668	66,668
J Middleton	3,287,559	3,287,559
Total	12,048,317	12,023,337

DIRECTORS' REPORT CONTINUED

Directors' share options

Aggregate emoluments disclosed above do not include any amounts for the value of options to acquire ordinary shares in the Company granted to or held by the Directors. Options for Directors who served during the year are as follows:

	Scheme	Award date	Number of options awarded	Exercise price	Number of options at 31 July 2015	Exercised in year	Number of options at 31 July 2016	Exercise period
Executive								
G Thompson	Sharesave	23 November 2012	13,313	67.6p	13,313	(13,313)	—	1 January 2016 to 30 June 2016
	Sharesave	27 November 2014	3,930	229p	3,930	—	3,930	1 January 2018 to 30 June 2018
A Richardson	Sharesave	23 November 2012	13,313	67.6p	13,313	(13,313)	—	1 January 2016 to 30 June 2016
J Kempster	LTIP	1 July 2015	350,000	268p	350,000	—	350,000	1 July 2018 to 1 July 2025
	LTIP	18 February 2016	200,000	0.1p	—	—	200,000	18 February 2019 to 18 February 2021
	Sharesave	27 November 2014	7,860	229p	7,860	—	7,860	1 January 2018 to 30 June 2018
R B Sheridan	LTIP	18 February 2016	250,000	0.1p	—	—	250,000	18 February 2019 to 18 February 2021
S Attwell	LTIP	18 February 2016	125,000	0.1p	—	—	125,000	18 February 2019 to 18 February 2021
Non-executive								
T Maxfield	LTIP	12 June 2012	31,250	60p	31,250	—	31,250	12 June 2014 to 12 June 2017

An award of options with an exercise price of 0.1p, being the nominal value of each of the ordinary shares in the Company, was made under the Long Term Incentive Plan on 18 February 2016. The award has a three-year vesting period and vesting is subject to the attainment of pre-determined financial performance conditions for the financial period 1 August 2016 to 31 July 2018.

The Company's first grant of options under the Sharesave scheme matured on 1 January 2016. There was no Sharesave invitation in 2016.

The price of the Company's ordinary shares at 31 July 2016 was 150p.

Details of the share options granted by the Company are given in note 28.

Directors' responsibilities

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations. Company law requires the Directors to prepare financial statements for each financial year.

Under that law, the Directors have elected to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

The parent company financial statements for the year ended 31 July 2015 were prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP). A new UK GAAP accounting framework, as introduced by the Financial Reporting Council (FRC), became mandatorily effective for financial statements commencing on or after 1 January 2015. Under this new framework, the Company was required to elect to prepare its parent company financial statements on one of the new bases permitted by the FRC. The Company has therefore adopted Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) for its parent company financial statements for the year ended 31 July 2016 and has taken advantage of the disclosure exemptions allowed under FRS 101. Accordingly, the disclosures in the parent company financial statements prepared under FRS 101 are the same as, or follow closely, those previously reported under UK GAAP.

The Company's decision to adopt FRS 101 did not require shareholder approval. However, as stipulated in FRS 101, the Company was required to notify all shareholders of this election and therefore a letter of notification was sent to all shareholders in June 2016.

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 for that period.

The Directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on AIM.

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 they have been prepared in accordance with IFRSs as adopted by the European Union, 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 and the Group will continue in business.

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

Equal opportunities, diversity and human rights

The Group is committed to achieving a working environment which provides equality of opportunity and freedom from discrimination. All employees, subcontractors and agents of the Group are required to act in a way that does not subject others to direct or indirect discrimination, harassment or victimisation on the grounds of race, sex, pregnancy and maternity, marital or civil partnership status, gender reassignment, disability, religion or beliefs, age or sexual orientation.

We have measures in place to protect against modern slavery and we are reviewing these measures to ensure we continue to minimise the potential for slavery and human trafficking in our business and supply chain. Our formal Modern Slavery Act statement will be made available in accordance with the Act and the statutory timescales.

Employees with disabilities

We welcome job applications from candidates with a disability or health condition, and make reasonable adjustments to the workplace to support employees who become disabled. We provide additional training where required for all disabled employees and ensure that they have equal access to career development and promotion opportunities.

Website publication

The Directors are responsible for ensuring that the annual report and the financial statements are made available on a website. Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

The website also contains the information which it is required to disclose under AIM Rule 26.

Auditor

Each of the Directors at the date of approval of this annual report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Group's auditor is unaware; and
- the Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant information and to establish that the Group's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

BDO LLP has expressed its willingness to continue in office as auditor and a resolution to re-appoint BDO LLP will be proposed at the forthcoming AGM.

Approved by the Board of Directors and signed on behalf of the Board on 17 October 2016.

Jon Kempster
Company Secretary
17 October 2016



INDEPENDENT AUDITOR'S REPORT

to the members of Utilitywise plc

We have audited the financial statements of Utilitywise plc for the year ended 31 July 2016, which comprise the consolidated statement of profit or loss and other comprehensive income, the consolidated and company statement of financial position, the consolidated and company statement of changes in equity, the consolidated cash flow statement and the related notes. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of Directors and auditor

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and the parent company's affairs as at 31 July 2016 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company's financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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


Paul Davies (senior statutory auditor)

For and on behalf of BDO LLP, statutory auditor

Leeds

United Kingdom

17 October 2016

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 July 2016

	Note	31 July 2016 £	31 July 2015 £
Revenue	5	84,428,434	69,106,061
Cost of sales		(51,637,848)	(38,809,898)
Gross profit		32,790,586	30,296,163
Total other operating income		6,233,402	735,180
Total administrative expenses		(20,900,175)	(16,673,937)
Profit from operations		18,123,813	14,357,406
Analysed as:			
Earnings before exceptional costs, exceptional income, depreciation, amortisation and share based payment costs		18,267,586	17,784,697
Exceptional income			
Consideration release	8	5,740,318	—
Provision release	8	—	268,072
Exceptional costs			
Goodwill impairment	8	(1,315,000)	—
Legal, relocation and restructure	8	(1,233,107)	(236,921)
Fees associated with acquisition	8	—	(601,284)
Depreciation		(757,041)	(864,989)
Amortisation of intangible assets		(1,939,588)	(1,296,878)
Share option expense		(639,355)	(695,291)
		18,123,813	14,357,406
Finance income	9	858,123	82,218
Finance expense	9	(569,453)	(316,895)
Profit before tax		18,412,483	14,122,729
Tax expense	10	(2,591,606)	(2,926,549)
Profit for the year attributable to equity holders of the parent company		15,820,877	11,196,180
Other comprehensive income			
Items that may be reclassified to profit or loss			
Exchange difference on translation of foreign operation		11,578	35,964
Total comprehensive income attributable to equity holders of the parent company		15,832,455	11,232,144
Earnings per share			
Basic	11	20.5p	14.9p
Diluted	11	20.1p	14.6p

Financial statements

The notes on pages 25 to 55 form part of these financial statements.

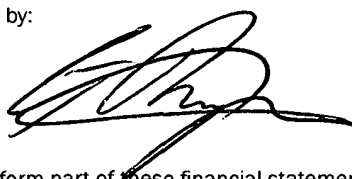
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 July 2016

	Note	As at 31 July 2016 £	As at 31 July 2015 £
Non-current assets			
Property, plant and equipment	13	5,590,575	5,899,463
Goodwill	14	23,808,291	25,123,291
Intangible assets	15	10,426,048	12,047,410
Accrued revenue	18	29,649,816	22,977,894
Total non-current assets		69,474,730	66,048,058
Current assets			
Inventories	17	558,610	642,825
Trade and other receivables	18	19,656,568	15,939,299
Cash and cash equivalents		12,984,660	6,492,485
Total current assets		33,199,838	23,074,609
Total assets		102,674,568	89,122,667
Current liabilities			
Trade and other payables	19	21,644,424	17,131,012
Corporation tax liability		1,323,877	585,613
Current provisions	22	526,460	703,550
Total current liabilities		23,494,761	18,420,175
Non-current liabilities			
Trade and other payables	19	4,435,565	9,340,004
Loans and other borrowings	20	13,175,000	13,175,000
Deferred tax liability	21	2,180,292	1,898,001
Non-current provision	22	—	168,224
Total non-current liabilities		19,790,857	24,581,229
Total liabilities		43,285,618	43,001,404
Net assets		59,388,950	46,121,263
Equity attributable to equity holders of the parent company			
Called-up share capital	23	78,081	76,593
Share premium		14,129,557	12,873,498
Merger reserve		9,531,644	9,531,644
Share option reserve		1,359,227	1,599,744
Foreign currency reserve		(29,766)	(41,344)
Retained earnings		34,320,207	22,081,128
Total equity		59,388,950	46,121,263

The financial statements on pages 21 to 55 were approved by the Board of Directors and authorised for issue on 17 October 2016 and were signed on its behalf by:

Geoff Thompson
Executive Chairman
17 October 2016



The notes on pages 25 to 55 form part of these financial statements.

Registered number: 05849580

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

31 July 2016

	Share capital £	Share premium £	Share option reserve £	Merger reserve £	Retained earnings £	Foreign currency reserve £	Total £
As at 1 August 2014	74,514	12,477,889	1,231,434	5,783,427	14,112,219	(77,308)	33,602,175
Profit for the period	—	—	—	—	11,196,180	—	11,196,180
Other comprehensive income	—	—	—	—	—	35,964	35,964
Total comprehensive income for the year	—	—	—	—	11,196,180	35,964	11,232,144
Dividends paid	—	—	—	—	(3,365,287)	—	(3,365,287)
Share option expense	—	—	695,291	—	—	—	695,291
Deferred tax on share options	—	—	(247,045)	—	—	—	(247,045)
Tax on equity items	—	—	—	—	58,080	—	58,080
Issue of shares	2,079	395,609	—	3,748,217	—	—	4,145,905
Reserves transfer relating to share based payments	—	—	(79,936)	—	79,936	—	—
Total contributions by and distributions to owners	2,079	395,609	368,310	3,748,217	(3,227,271)	—	1,286,944
As at 31 July 2015	76,593	12,873,498	1,599,744	9,531,644	22,081,128	(41,344)	46,121,263
Profit for the period	—	—	—	—	15,820,877	—	15,820,877
Other comprehensive income	—	—	—	—	—	11,578	11,578
Total comprehensive income for the year	—	—	—	—	15,820,877	11,578	15,832,455
Dividends paid	—	—	—	—	(4,218,232)	—	(4,218,232)
Share option expense	—	—	639,355	—	—	—	639,355
Deferred tax on share options	—	—	(367,053)	—	—	—	(367,053)
Tax on equity items	—	—	—	—	123,615	—	123,615
Issue of shares	1,488	1,256,059	—	—	—	—	1,257,547
Reserves transfer relating to share based payments	—	—	(512,819)	—	512,819	—	—
Total contributions by and distributions to owners	1,488	1,256,059	(240,517)	—	(3,581,798)	—	(2,564,768)
As at 31 July 2016	78,081	14,129,557	1,359,227	9,531,644	34,320,207	(29,766)	59,388,950

The notes on pages 25 to 55 form part of these financial statements.

Financial statements

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 July 2016

	31 July 2016 £	31 July 2015 £
Operating activities		
Profit before tax	18,412,483	14,122,729
Finance income	(858,123)	(82,218)
Finance expense	569,453	316,895
Depreciation of property, plant and equipment	757,041	864,989
Share option expense	639,355	695,291
Grant income	—	(30,790)
Loss on disposal of fixed assets	21,896	14,764
Amortisation of intangible fixed assets	1,939,588	1,296,878
Exceptional release of contingent consideration	(5,740,318)	—
Impairment of goodwill	1,315,000	—
	17,056,375	17,198,538
Change in trade and other receivables	(9,615,435)	(14,189,914)
Change in inventories	84,215	(45,455)
Change in trade and other payables	5,196,724	(5,149,824)
Change in provisions	(345,314)	(325,127)
	(4,679,810)	(19,710,320)
Cash flows from operating activities	12,376,565	(2,511,782)
Income taxes paid	(1,814,488)	(2,208,042)
Net cash flows from operating activities	10,562,077	(4,719,824)
Investing activities		
Purchase of property, plant and equipment	(467,316)	(1,864,615)
Purchase of intangibles	(318,226)	(31,886)
Finance income	18,129	26,354
Acquisition of subsidiary, net of cash acquired	—	(6,397,858)
Net cash flows used in investing activities	(767,413)	(8,268,005)
Financing activities		
Issue of shares	1,257,547	148,859
Loans repaid	(4,000,000)	(6,000,000)
Loans received	4,000,000	13,175,000
Finance expense	(451,867)	(276,017)
Dividends paid	(4,218,232)	(3,365,287)
Net cash flows from financing activities	(3,412,552)	3,682,555
Net increase/(decrease) in cash and cash equivalents	6,382,112	(9,305,274)
Translation gain/(loss) on cash and cash equivalents	110,063	(25,378)
Cash and cash equivalents at beginning of period	6,492,485	15,823,137
Cash and cash equivalents at end of period	12,984,660	6,492,485

The notes on pages 25 to 55 form part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 July 2016

1. Accounting policies

Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs), as adopted by the European Union (EU). The parent company has elected to prepare its Company accounts in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework. These are presented on pages 56 to 68.

Utilitywise plc is incorporated and domiciled in the United Kingdom.

The principal accounting policies have been applied consistently to all years and are set out below.

Basis of consolidation

The consolidated financial statements comprise the financial statements of Utilitywise plc and its subsidiaries. Where the Company has control over an investee, it is classified as a subsidiary. The Company controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

The consolidated financial statements present the results of the Company and its subsidiaries ('the Group') as if they formed a single entity. Intercompany transactions and balances between Group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the acquisition method. In the statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of profit or loss and other comprehensive income from the date on which control is obtained. They are deconsolidated from the date on which control ceases.

Revenue recognition

Revenue for the Group is measured at the fair value of the consideration received or receivable. The Group recognises revenue for services provided when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the entity.

The Group provides services through negotiating rates with energy suppliers on behalf of business customers and generates revenues by way of commissions from the energy suppliers. This type of revenue is recognised when the contract between the customer and the energy supplier becomes live. Contractually no further services regarding procurement are performed once the contract has gone live. Commissions are calculated based on expected energy use by the business customer at agreed commission rates with the energy suppliers. Where actual energy use by the business differs to that calculated an adjustment is made to the contract value. Negative variances are recorded against the revenue provision. For existing customers where the contract has already gone live the market can provide pricing opportunities to extend an existing contract with the same supplier. In these circumstances revenue is recognised when the contract extension is signed. All procurement revenue in the Enterprise Division is recognised on this basis.

Revenue for the Corporate Division is accounted for either consistent with the above go-live basis or is recognised over the term of the contract depending on whether ongoing services and account management are delivered.

Revenue also consists of sales of energy management products to business customers. Energy management product revenue is recognised once the work has been completed.

The cash-received profile relating to these revenues varies according to the contract terms in place with the energy supplier engaged and can be received before the date the contract goes live or spread over the term of the contract, which can be for a period of up to five years. Accrued revenues relate to commissions recognised in the profit and loss account not yet invoiced and discounted at an appropriate rate.

Expenditure

Provision is made when an obligation exists for a future liability relating to a past event and where the amount of the obligation can be reliably estimated.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended 31 July 2016

1. Accounting policies *continued*

Exceptional items

The Group seeks to highlight certain items as exceptional operating costs and income. These are considered to be exceptional in size and/or nature rather than indicative of the underlying trade of the Group. These may include items such as restructuring costs, material profits or losses on disposal of property, plant and equipment, impairment of goodwill, and profits or losses on the disposal of subsidiaries. All of these items are charged before calculating operating profit or loss. Material profits or losses on disposal of property, plant and equipment, impairment of goodwill, and profits or losses on the disposal of subsidiaries are shown as separate items in arriving at operating profit or loss whereas other exceptional items are charged or credited within operating costs and highlighted by analysis. Management applies judgement in assessing the particular items which by virtue of their size and nature are disclosed separately in the consolidated statement of profit or loss and other comprehensive income and the notes to the financial statements as exceptional items. Management believes that the separate disclosure of these items is relevant to the understanding of the Group's financial performance.

Foreign currencies

Transactions in foreign currencies are initially recorded at the rates of exchange prevailing on the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated into the Group's functional currency at the rates prevailing on the balance sheet date. Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in the income statement for the period.

Retirement benefits: defined contribution schemes

The Group operates a defined contribution pension scheme. Contributions to the Group's pension scheme are charged to the consolidated statement of profit or loss and other comprehensive income in the year to which they relate.

Share based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the income statement over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the amount that eventually vest.

Fair value is measured by use of a Black-Scholes option pricing model. The expected life used in the model has been adjusted, based on the Directors' best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

Dividends

Dividends paid are recognised in the Group financial statements in the period in which they become legally payable. In the case of interim dividends this is when they are actually paid. In the case of final dividends, it is when they are approved by shareholders.

Goodwill

Goodwill represents the excess of the costs of a business combination over the total acquisition date fair values of the identifiable assets, liabilities and contingent liabilities acquired. Goodwill is capitalised as an intangible asset and is tested for impairment annually. Any impairment in carrying value is charged to the consolidated statement of profit or loss and other comprehensive income.

Costs of a business combination are defined as the fair value of assets given, liabilities assumed and equity instruments issued. Any direct costs of acquisition are recognised immediately as an expense.

Other intangible assets

Expenditure on internally developed products is capitalised if it can be demonstrated that:

- it is technically feasible to develop the product for it to be sold;
- adequate resources are available to complete the development;
- there is an intention to complete and sell the product;
- sale of the product will generate future economic benefits; and
- expenditure on the project can be measured reliably.

1. Accounting policies *continued*

Other intangible assets *continued*

Development expenditure not satisfying the above criteria and expenditure on the research phase of internal projects are recognised in the consolidated statement of profit or loss and other comprehensive income as incurred.

Externally acquired intangible assets are initially recognised at cost and subsequently amortised on a straight line basis over their useful economic lives. Where intangible assets are acquired on business combinations, these assets are initially recognised at the fair value at the date of acquisition and subsequently amortised on a straight line basis over their useful economic lives.

The significant intangibles recognised by the Group, their useful economic lives and the methods used to determine the cost of the intangibles acquired in a business combination are as follows:

Intangible asset	Useful economic life	Valuation method
Trademarks	10 years	Cost
Website development and developed software	5 years	Cost
Customer relationships	2 years/10 years	Cost
Technology based intangible assets	4 years/8 years	Cost
Non-compete agreement	2 years	Cost
Marketing	10 years	Cost
Order backlog	1 year	Cost
Intellectual property	2 years	Cost

The subsequent measurement basis of the intangible asset is amortised cost. The amortisation expense is recognised within administrative expenses in the consolidated statement of profit or loss and other comprehensive income.

Property, plant and equipment

Items of property, plant and equipment are initially recognised at cost. As well as the purchase price, cost includes directly attributable costs. Where items of property, plant and equipment are acquired on business combinations, these assets are initially recognised at the net book value at the date of acquisition.

Depreciation is provided on all items of property, plant and equipment so as to write off their carrying value over their expected useful economic lives on a straight line basis. It is provided at the following rates:

Improvements to property	-	period of lease
Freehold property	-	2% on cost
Plant and machinery	-	10–20% on cost
Fixtures and fittings	-	25% on cost or 15% on reducing balance
Motor vehicles	-	33% on cost or 25% on reducing balance
Computer equipment	-	33% on cost
Computer software	-	25% on cost

Impairment of non-financial assets

Intangible and other non-financial assets with indefinite useful economic lives are subject to impairment tests annually at the financial year end. The carrying values of non-financial assets are reviewed for impairment when there is an indication that assets might be impaired. When the carrying value of an asset exceeds its recoverable amount, the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash generating unit (i.e. the smallest group of assets in which the asset belongs for which there are separately identifiable cash flows).

Impairment charges are included in the consolidated statement of profit or loss and other comprehensive income, except to the extent they reverse previous gains recognised in the consolidated statement of profit or loss and other comprehensive income.

An impairment loss recognised for goodwill is not reversed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended 31 July 2016

1. Accounting policies *continued*

Financial assets

The Group classifies its financial assets into the categories, discussed below, according to the purpose for which the asset was acquired. The Group has not classified any of its financial assets as held to maturity.

Loans and receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, with any subsequent release of discounting being charged or credited to the consolidated statement of profit or loss and other comprehensive income.

The Group's loans and receivables comprise trade and other receivables and accrued revenue included within the consolidated statement of financial position.

Cash and cash equivalents include cash held at bank.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Group will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the income statement. On confirmation that the trade receivables will not be collectable, the gross carrying value of the asset is written off against the associated allowance.

Financial liabilities

The Group classifies its financial liabilities as other financial liabilities, which include the following:

- bank loans, which are initially recognised at fair value net of any of transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost ensuring the interest element of the borrowing is expensed over the repayment period at a constant rate; and
- trade payables, other borrowings and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

Share capital

Financial instruments issued by the Group are treated as equity only to the extent that they do not meet the definition of a financial liability. The Group's ordinary shares are classified as equity instruments.

Costs associated with the issue of new ordinary shares are deducted from share premium. Costs associated with the listing of shares on a public market are allocated on a *pro rata* basis to the consolidated statement of profit or loss and other comprehensive income for existing shares listed and to the share premium for new shares listed.

Leased assets

Where substantially all of the risks and rewards incidental to ownership of a leased asset have been transferred to the Group (a 'finance lease'), the asset is treated as if it had been purchased outright. The amount initially recognised as an asset is the lower of the fair value of the leased property and the present value of the minimum lease payments payable over the term of the lease. The corresponding lease commitment is shown as a liability. Lease payments are analysed between capital and interest. The interest element is charged to the consolidated statement of profit or loss and other comprehensive income over the period of the lease and is calculated so that it represents a constant proportion of the lease liability. The capital element reduces the balance owed to the lessor.

Where substantially all of the risks and rewards incidental to ownership are not transferred to the Group (an 'operating lease'), the total rentals payable under the lease are charged to the consolidated statement of profit or loss and other comprehensive income on a straight line basis over the lease term. The aggregate benefit of lease incentives is recognised as a reduction of the rental expense over the lease term on a straight line basis.

1. Accounting policies *continued*

Deferred taxation

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the consolidated statement of financial position differs from its tax base, except for differences arising on:

- the initial recognition of goodwill;
- the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit; and
- investments in subsidiaries and jointly controlled entities where the Group is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the deferred tax liabilities or assets are settled or recovered. Deferred tax balances are not discounted.

Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority on either:

- the same taxable Group company; or
- different Company entities which intend either to settle current tax assets and liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets and liabilities are expected to be settled or recovered.

The deferred tax charge or credit can be allocated to the consolidated statement of profit or loss and other comprehensive income, equity or goodwill, dependent upon the nature of the asset or liability it relates to.

Inventories

Inventories are initially recognised at cost, and subsequently at the lower of the cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Government grants

Government grants received in respect of tangible fixed assets are credited to the income statement over the expected useful economic lives of the relevant assets to which they relate. Grants for revenue expenditure are netted against the cost incurred by the Group. Where retention of a government grant is dependent on the Group satisfying certain criteria, it is initially recognised as deferred income. When the criteria for retention have been satisfied, the deferred income is released to the consolidated statement of profit or loss and other comprehensive income.

Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker has been identified as the management team including the Chief Executive Officer, the Chief Operating Officer, the Executive Chairman and the Chief Financial Officer.

During the year the Group serviced both corporate and enterprise businesses. The Board considers that the services were offered from two distinct segments in the current year, and as such has taken the decision to report separately on these operating segments.

Operating segments are determined based on the internal reporting information and management structure within the Group. Information regarding the results of the reportable segment is included within this report. Performance is based on segment operating profit or loss before share based payment charges, depreciation, amortisation and acquisition costs, as reported in the internal management reports that are reviewed by the chief operating decision maker (CODM). The segment operating profit or loss is used to measure performance. Revenues represent revenues to external customers.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended 31 July 2016

1. Accounting policies continued

Operating segments continued

The Enterprise Division derives its revenues from energy procurement by negotiating rates with energy suppliers for small and medium-sized business customers throughout the UK, the Republic of Ireland and certain European markets. The Corporate Division derives its revenues from energy procurement of larger industrial and commercial customers, often providing an account care service and offering a variety of utility management products and services designed to help customers manage their energy consumption.

2. Critical accounting estimates and judgements

The Group makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including the expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. 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 discussed below.

Judgements and accounting estimates and assumptions

(a) Revenue recognition

Energy procurement revenue is recorded at the fair value of the service provided, which is calculated using expected energy use of the business customer at agreed commission rates with the energy provider. The Group believes that, based on past performance, it can reliably measure commission income; however, there is inevitably a variability in these calculations for energy use by the business customer and this is taken into account when assessing the initial fair value. Historic data currently indicates that the variability is circa 15%. The variability can arise in two main instances. On contracts that run to maturity, variability arises due to under or over consumption against the initial estimate and in the second instance variability arises due to contracts ending prematurely. If the variability assumption is adjusted, the revised variability rate is applied to the total live population resulting in a movement in revenue recognised in the period.

The fair value estimate methodology is assessed on an ongoing basis to ensure it remains appropriate. The assessment of the variability is based on the maturing contract portfolio in the prior year and these are assumed to have similar characteristics to those that are still running. The methodology applied is designed to give a reliable estimate of contract variability; however, as it reviews only a one-year population of ended contracts, it is at risk of being distorted by anomalies that may occur in the normal course of business. Contract lengths which over the life of the business have extended could introduce further variability. Should the assumptions on which commission income is calculated not be representative of the current live population and therefore equate to more or less than 15% then there may be a material impact on reported revenues and profits. If commission income varied by a further 1%, reported revenues would differ by £745,728 on contracts that went live during the period. The cumulative impact of adjusting all live contracts at the year end by 1% would be a movement of £1,595,430.

Management has estimated the future cash flows from revenue and applied a 2.25% discount rate to reflect the risk associated with the cash flows. This discount rate is deemed to be an appropriate reflection of the risks relating to these cash flows, having reviewed the external financing conditions appropriate to utilities providers. Should a different discount rate be applied, then reported profits would change. A 0.5% movement in the discount rate would result in a change in profit of £433,662.

(b) Goodwill impairment

The Group recognises the need to consider the carrying value of goodwill on an annual basis. The Group has prepared an estimation of the value in use of the cash generating units to which goodwill has been allocated. This has been performed by estimating the future cash flows expected to arise from each cash generating unit and applying a suitable discount rate in order to calculate present value. An impairment review has been performed at the reporting date and an impairment of £1,315,000 has been identified. More details, including carrying values, are included in note 14.

(c) Other intangible assets

As set out in note 1 'Accounting policies' intangible assets acquired in a business combination are capitalised and amortised over their useful lives. Both initial valuations and valuations for subsequent impairment tests are based on risk-adjusted future cash flows discounted using appropriate discount rates. These future cash flows will be based on forecasts which are inherently judgemental. Future events could cause the assumptions to change, which could have an adverse effect on the future results of the Group.

Under IFRS 3 all assets and liabilities acquired as part of a business combination have been recorded at fair value.

2. Critical accounting estimates and judgements *continued*

Judgements and accounting estimates and assumptions *continued*

(d) Share based payments

The Group has equity-settled share based remuneration schemes for employees. Employee services received, and the corresponding increase in equity, are measured by reference to the fair value of the equity instruments (shares) at the date of grant. The fair value of share options is estimated by using the Black-Scholes valuation model on the date of grant based on certain assumptions. Those assumptions are described in note 29 and include, among others, expected volatility, expected life of the options and number of options expected to vest.

(e) Property, plant and equipment

Property, plant and equipment are depreciated over the useful lives of the assets. Useful lives are based on management's estimates of the period that the assets will generate revenue, which are reviewed annually for continued appropriateness. The carrying values are tested for impairment when there is an indication that the value of the assets might be impaired. When carrying out impairment tests these would be based upon future cash flow forecasts and these forecasts would be based upon management's judgement. Future events could cause the assumptions to change; therefore, this could have an adverse effect on the future results of the Group.

(f) Determination of cash generating units

In determining cash generating units (CGUs) we have considered sales mechanisms, operating mechanisms and delivery mechanisms. Goodwill is allocated on initial recognition to each of the Group's CGUs that are expected to benefit from a business combination that gives rise to goodwill.

Changes in accounting policies

In the current year the following new and revised standards and interpretations have been adopted and have not resulted in any significant impact on the results or net assets of the Group:

Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11) (effective 1 January 2016)

Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38) (effective 1 January 2016)

Equity Method in Separate Financial Statements (Amendments to IAS 27) (effective 1 January 2016)

Annual Improvements to IFRSs (2012–2014 Cycle) (effective 1 January 2016)

Disclosure Initiative (Amendments to IAS 1) (effective 1 January 2016)

Regulatory Deferral Accounts (Amendments to IFRS 14) (effective 1 January 2016)

The Group has decided against early adoption of the following new and amended IFRSs, IASs and IFRIC interpretations which are mandatory for future accounting periods and which are potentially relevant to the Group:

IFRS 15 Revenue from Contracts with Customers (1 January 2018)

IFRS 9 Financial Instruments (1 January 2018)

IFRS 16 Leases (1 January 2019)

IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses (1 January 2017)

IAS 7 Disclosure Initiative (1 January 2017)

IFRS 15 Clarification to IFRS 15 Revenue from Contracts with Customers (1 January 2018)

IFRS 2 Classification and Measurement of Share Based Payment Transactions (1 January 2018)

No detailed assessment of the impact of these standards has yet been conducted by the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended 31 July 2016

3. Financial instruments: risk management

The Board has overall responsibility for the determination of the Group's risk management objectives and policies. The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. The Group reports in sterling. All funding requirements and financial risks are managed based on policies and procedures adopted by the Board of Directors. The Group does not use derivative financial instruments such as forward currency contracts, interest rate swaps or similar instruments. The Group does not issue or use financial instruments of a speculative nature.

The Group is exposed to the following financial risks:

- credit risk;
- liquidity risk; and
- foreign currency risk.

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. The principal financial instruments used by the Group, from which financial instrument risk arises, are as follows:

- trade and other receivables;
- cash and cash equivalents;
- trade and other payables; and
- bank loans.

To the extent financial instruments are not carried at fair value in the consolidated statement of financial position, book value approximates to fair value at 31 July 2016 and 31 July 2015.

Trade and other receivables are measured at book value and amortised cost. Book values and expected cash flows are reviewed by the Board and any impairment is charged to the consolidated statement of profit or loss and other comprehensive income in the relevant period.

Cash and cash equivalents are held in sterling and euro and placed on deposit in UK and European banks.

Trade and other payables are measured at book value and amortised cost.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or a counterparty to a financial instrument fails to meet its contractual obligations. The Group is mainly exposed to credit risk from credit sales. At 31 July 2016 the Group had trade receivables and accrued revenues of £47,083,610 (2015: £37,455,352).

Commissions are earned from large blue-chip energy suppliers; therefore, in this respect, credit risk is considered low. However, there is credit risk between the energy supplier and the end user that may impact commissions received if the energy supplier is unable to collect cash balances due from the end user. However, this is taken into account when measuring the initial fair value of revenues. The Group attempts to mitigate credit risk by assessing the credit rating of new customers prior to entering into contracts and by entering contracts with customers with agreed credit terms.

The Group's most significant financial asset is cash and cash equivalents of £12,984,660 (2015: £6,492,485) which at 31 July 2016 were held on deposit with Royal Bank of Scotland (which is rated P-2/A-2 with Moody's and Standard and Poor's respectively). These deposits are held with maturities of less than three months.

The Directors are unaware of any factors affecting the recoverability of outstanding balances at 31 July 2016 and consequently no further provisions have been made for bad and doubtful debts.

Liquidity risk

Liquidity risk arises from the Group's management of working capital. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due. The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. To achieve this aim, it seeks to maintain cash balances to meet expected requirements for a period of at least 30 days.

3. Financial instruments: risk management *continued*

Liquidity risk *continued*

The Board receives rolling twelve-month cash flow projections on a monthly basis as well as information regarding cash balances. At the balance sheet date, the Group had cash balances of £12,984,660 (2015: £6,492,485) and the financial forecasts indicated that the Group expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances.

Foreign currency risk

Foreign currency risk arises from the Group's transactions in currencies other than the Group's functional currency. No external hedge is entered into as the Group does not believe this risk to be significant due to the low volume of transactions in other currencies. This will continue to be reviewed on an ongoing basis.

Capital management

The Group's capital is made up of share capital, share premium, share option reserve, merger reserve and retained earnings totalling £59,388,950 as at 31 July 2016 (2015: £46,121,263).

The Group's objectives when maintaining capital are:

- to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The capital structure of the Group consists of shareholders' equity as set out in the consolidated statement of changes in equity. All working capital requirements are financed from existing cash resources. Newly acquired long-term debt was utilised by the Group to finance the acquisition of a subsidiary company and is not considered by management to form a part of the Group's capital structure.

4. Segmental reporting

		31 July 2016 £	31 July 2015 £
Revenue			
Enterprise		68,797,468	54,482,784
Corporate		17,104,342	15,922,052
Intersegment revenue		(1,473,376)	(1,298,775)
Total Group revenue		84,428,434	69,106,061
	31 July 2016 Enterprise £	31 July 2016 Corporate £	31 July 2016 Total £
Segment adjusted EBITDA	15,773,353	2,685,167	18,458,520
Intercompany revenue	—	(1,473,376)	(1,473,376)
Intercompany direct costs	1,473,376	—	1,473,376
Intercompany dividend income	(190,934)	—	(190,934)
Segment adjusted EBITDA post intercompany adjustments	17,055,795	1,211,791	18,267,586
Share option expense	(444,600)	(194,755)	(639,355)
Exceptional release of contingent consideration	5,740,318	—	5,740,318
Exceptional impairment of goodwill	(1,315,000)	—	(1,315,000)
Exceptional legal, relocation and restructure	(1,233,107)	—	(1,233,107)
Finance income	854,337	3,786	858,123
Finance expense	(568,806)	(647)	(569,453)
Depreciation	(558,784)	(198,257)	(757,041)
Amortisation	(19,460)	(11,034)	(30,494)
Taxation	(2,633,863)	(478,919)	(3,112,782)
Segment profit after tax	16,876,830	331,965	17,208,795

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended 31 July 2016

4. Segmental reporting continued

	31 July 2015 Enterprise £	31 July 2015 Corporate £	31 July 2015 Total £
Segment adjusted EBITDA	12,982,571	4,802,126	17,784,697
Intercompany revenue	—	(1,298,775)	(1,298,775)
Intercompany direct costs	1,298,775	—	1,298,775
Segment adjusted EBITDA post intercompany adjustments	14,281,346	3,503,351	17,784,697
Share option expense	(411,669)	(283,622)	(695,291)
Exceptional release of provision	254,340	13,732	268,072
Exceptional acquisition costs	(229,090)	—	(229,090)
Exceptional legal, relocation and restructure	(225,080)	(11,841)	(236,921)
Finance income	75,726	6,493	82,219
Finance expense	(310,455)	(6,441)	(316,896)
Depreciation	(333,334)	(531,654)	(864,988)
Amortisation	(9,116)	(13,623)	(22,739)
Taxation	(2,535,093)	(826,790)	(3,361,883)
Segment profit after tax	10,557,575	1,849,605	12,407,180
Profit after tax		31 July 2016 £	31 July 2015 £
Enterprise		13,684,619	10,757,406
Corporate		331,965	1,847,713
Exceptional release of contingent consideration		5,740,318	—
Exceptional release of provision		—	268,072
Exceptional legal, relocation and restructuring		(1,233,107)	(236,921)
Exceptional investment costs		—	(229,090)
Exceptional impairment of goodwill		(1,315,000)	—
		17,208,795	12,407,180
Group deferred tax adjustments		521,176	435,333
Exceptional investment cost		—	(372,194)
Amortisation		(1,909,094)	(1,274,139)
Total Group profit after tax		15,820,877	11,196,180
		31 July 2016 £	31 July 2015 £
Net assets			
Enterprise		43,229,064	30,092,286
Corporate		15,750,908	18,657,405
Amortisation		(4,274,991)	(2,365,897)
Investment costs		(928,192)	(928,192)
Exceptional release of contingent consideration		5,740,318	—
Exceptional impairment of goodwill		(1,315,000)	—
Group tax adjustments		1,186,843	665,661
Group net assets		59,388,950	46,121,263

5. Revenue

	31 July 2016 £	31 July 2015 £
Analysis of concentration of customers comprising revenues of more than 10%		
Customer 1	20,518,009	15,851,905
Customer 2	15,217,708	11,870,002
Customer 3	9,357,835	—
Other	39,334,882	41,384,154
	84,428,434	69,106,061

The Group receives revenue from three customers representing more than 10% of Group revenue (2015: two customers representing more than 10% of Group revenue). A customer is defined as an energy supplier.

Revenues relate to the rendering of services.

Geographical information

Revenue	31 July 2016 £	31 July 2015 £
United Kingdom	77,953,605	64,282,839
Czech Republic	6,474,829	4,823,222
	84,428,434	69,106,061

6. Profit from operations

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

	31 July 2016 £	31 July 2015 £
Release of government grants	—	(30,790)
Staff costs	50,114,105	39,433,341
Share option expense	639,355	695,291
Depreciation of owned fixed assets	757,041	734,034
Impairment of asset	1,315,000	130,955
Amortisation	1,939,588	1,296,878
Lease payments	1,899,254	1,572,458
Auditor's remuneration		
Audit fees	110,000	101,168
Audit of the parent company and consolidated financial statements	80,000	67,518
Audit of subsidiary companies	30,000	33,650
Other services		
Tax compliance	—	8,650
Tax advisory	9,075	18,713
Interim review	4,826	6,171

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended 31 July 2016

7. Staff costs

	31 July 2016 £	31 July 2015 £
Wages and salaries	43,811,868	34,601,811
Social security costs	5,554,759	4,165,795
Other pension costs	747,478	665,735
	50,114,105	39,433,341

The average monthly number of employees during the period was as follows:

	31 July 2016	31 July 2015
Directors	8	8
Staff	1,621	1,235
	1,629	1,243

	31 July 2016 £	31 July 2015 £
Group Directors' remuneration, included in staff costs		
Salaries	1,051,334	857,542
Pension contributions	81,531	75,910

The number of Directors to whom retirement benefits were accruing was as follows:

	31 July 2016	31 July 2015
Money purchase schemes	7	3

Information regarding the highest paid Director is as follows:

	31 July 2016 £	31 July 2015 £
Salaries	250,000	206,000
Pension contributions	24,333	24,000

8. Exceptional items

	31 July 2016 £	31 July 2015 £
Other operating income		
Exceptional release		
Provision release	—	(268,072)
Contingent consideration	(5,740,318)	—
Exceptional costs		
Goodwill impairment	1,315,000	—
Legal, restructuring and re-organisation	1,233,107	236,921
Acquisition costs and aborted acquisition costs	—	601,284
	2,548,107	838,205
	(3,192,211)	570,133

Exceptional items in the year ended 31 July 2016 relate to an impairment charge in connection to the acquisition cost of t-mac Technologies Limited. There is also a credit of £5.7m which has arisen from the release of deferred consideration where earn-out criteria are not anticipated to be met. Exceptional items are included in administrative expenses or other operating income in the statement of profit and loss.

8. Exceptional items *continued*

In the year ended 2016, there is also a charge of £509k in relation to legal fees incurred as a result of a dispute with a competitor and restructuring and re-organisation costs such as settlement payments of £678k.

Exceptional items in the year ended 31 July 2015 relate to the costs incurred in the acquisition of t-mac Technologies Limited, costs of £39k in relation to unforeseen late invoices connected to the prior year acquisition of Icon Communication Centres s.r.o. and other aborted acquisition costs. Also included are restructuring and re-organisation costs such as settlement payments of £83k and costs of £52k incurred in the set-up of head office.

In the year ended 2015 there is also a credit of £268k offsetting these costs which has arisen from the release of restructure and dilapidation provisions not utilised. Exceptional items are included in administrative expenses in the statement of profit and loss.

9. Finance income and expenses

	31 July 2016 £	31 July 2015 £
Finance income		
Bank interest	18,129	26,354
Unwinding of discounting income	839,994	55,864
	858,123	82,218
Finance expense		
Unwinding of discounting expense	117,586	40,879
Other interest	451,867	276,016
	569,453	316,895

10. Tax expense

	31 July 2016 £	31 July 2015 £
Current tax expense		
Current tax on profits for the period	2,884,430	3,751,370
Adjustments in respect of previous periods	(219,019)	(92,687)
	2,665,411	3,658,683
Deferred tax expense		
Origination and reversal of temporary differences	90,247	(559,737)
Adjustment in respect of previous periods	(36,385)	(173,349)
Effects of changes in tax rates	(127,667)	952
	(73,805)	(732,134)
Total tax expense	2,591,606	2,926,549
Equity items		
Current tax	(123,615)	(58,080)
Deferred tax	367,053	247,045
	243,438	188,965

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended 31 July 2016

10. Tax expense continued

The reasons for the difference between the actual tax charge for the year and the standard rate of corporation tax in the United Kingdom applied to profit for the year are as follows:

	31 July 2016 £	31 July 2015 £
Profit for the period	18,412,483	14,122,729
Expected tax charge based on corporation tax rate of 20% in 2016 (20.67% in 2015)	3,682,497	2,918,568
Expenses not deductible for tax purposes	63,717	141,281
Income not taxable for tax purposes	(954,421)	—
Current tax rate difference	—	—
Impact of change in tax rate in the period	(127,667)	18,600
Adjustment to tax charge in respect of previous periods – current tax	(219,019)	(92,687)
Adjustment to tax charge in respect of previous periods – deferred tax	(36,385)	(173,349)
Deferred tax not recognised	(2,855)	114,136
Impact of share options	185,739	—
Total tax expense	2,591,606	2,926,549

11. Earnings per share

	31 July 2016 £	31 July 2015 £
Profit		
Profit used in calculating basic and diluted profit	15,832,455	11,232,144
Number of shares		
Weighted average number of shares for the purpose of basic earnings per share	77,389,304	75,270,221
Effects of:		
Employee share option	1,209,737	1,150,512
Contingent shares to be issued	—	474,570
Weighted average number of shares for the purpose of diluted earnings per share	78,599,041	76,895,303

12. Dividends

	31 July 2016 £	31 July 2015 £
Dividends paid	4,218,232	3,365,287

In the year a final dividend in relation to the year ended 31 July 2015 of 3.3p was paid on 76,595,520 shares. An interim dividend in relation to the year ended 31 July 2016 of 2.2p per share was paid on 77,544,535 shares, being the number of shares in issue on the date the dividend was declared. The dividend was waived on 500,000 shares for both the final dividend in relation to the year ended 31 July 2015 and the interim dividend for the year ended 31 July 2016.

A final dividend in relation to the year ended 31 July 2016 of 4.3p is proposed on 78,080,963 shares, being the number of shares in issue at the balance sheet date, totalling £3,357,481.

13. Property, plant and equipment

	Improvements to property £	Freehold property £	Computer software £	Fixtures and fittings £	Plant and machinery £	Computer equipment £	Motor vehicles £	Total £
Cost								
As at 1 August 2014	706,791	3,308,488	588,718	273,331	74,818	1,079,328	209,177	6,240,651
Additions	1,121,428	19,881	58,421	280,191	—	379,381	—	1,859,302
Additions on acquisition	—	—	—	26,015	15,291	—	41,076	82,382
Disposals	—	—	—	(9,277)	—	—	(26,209)	(35,486)
Reclassification	—	—	—	—	—	—	—	—
As at 31 July 2015	1,828,219	3,328,369	647,139	570,260	90,109	1,458,709	224,044	8,146,849
Depreciation								
As at 1 August 2014	179,639	68,746	241,647	197,578	21,685	638,770	55,054	1,403,119
Charge for period	149,617	61,420	74,457	96,539	9,059	303,305	39,637	734,034
Impairment charge	—	—	130,955	—	—	—	—	130,955
Disposals	—	—	—	(8,460)	—	—	(12,262)	(20,722)
As at 31 July 2015	329,256	130,166	447,059	285,657	30,744	942,075	82,429	2,247,386
Net book value								
As at 31 July 2015	1,498,963	3,198,203	200,080	284,603	59,365	516,634	141,615	5,899,463
	Improvements to property £	Freehold property £	Computer software £	Fixtures and fittings £	Plant and machinery £	Computer equipment £	Motor vehicles £	Total £
Cost								
As at 1 August 2015	1,828,219	3,328,369	647,139	570,260	90,109	1,458,709	224,044	8,146,849
Additions	72,346	—	146,893	55,863	3,100	191,846	—	470,048
Additions on acquisition	—	—	—	—	—	—	—	—
Disposals	(2,071)	—	—	(9,125)	—	(444,824)	(88,961)	(544,981)
Reclassification	—	—	—	—	—	—	—	—
As at 31 July 2016	1,898,494	3,328,369	794,032	616,998	93,209	1,205,731	135,083	8,071,916
Depreciation								
As at 1 August 2015	329,256	130,166	447,059	285,657	30,744	942,075	82,429	2,247,386
Charge for period	129,607	61,619	107,680	127,358	18,815	279,567	32,395	757,041
Impairment charge	—	—	—	—	—	—	—	—
Disposals	(2,071)	—	—	(9,125)	—	(444,307)	(67,583)	(523,085)
As at 31 July 2016	456,792	191,785	554,739	403,890	49,559	777,335	47,241	2,481,341
Net book value								
As at 31 July 2016	1,441,702	3,136,584	239,293	213,108	43,650	428,396	87,842	5,590,575

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended 31 July 2016

14. Goodwill

	As at 31 July 2016 £	As at 31 July 2015 £
Cost		
Opening balance	25,123,291	14,851,149
Additions	—	10,272,142
Closing cost	25,123,291	25,123,291
	As at 31 July 2016 £	As at 31 July 2015 £
Impairment		
Opening balance	—	—
Charge in the year	1,315,000	—
Closing balance	1,315,000	—
Net book value	23,808,291	25,123,291

The Group has three cash generating units, being the Enterprise Division, incorporating Utilitywise and Icon Communication Centres s.r.o.; the Corporate Division, incorporating Eco Monitoring Utility Systems, Clouds Environmental Consultancy, Aqua Veritas Consulting and Energy Information Centre but excluding t-mac Technologies Limited; and t-mac Technologies Limited, which forms the third CGU.

The valuation of the CGUs' goodwill impairment testing has been prepared on a value in use basis. Value in use is calculated as the net present value of the projected risk-adjusted post-tax cash flows plus a terminal value of the CGU. A post-tax discount rate is applied to calculate the net present value of post-tax cash flows. The discount rate is based on the CGU's weighted average cost of capital.

Impairment loss

During the year, there has been an impairment loss identified in relation to t-mac Technologies Limited of £1,315,000. t-mac is reviewed as a standalone CGU and forms part of the corporate reporting segment.

Since acquisition, t-mac has not performed in line with forecasts which led to a review of the expected post-tax cash flows over the next five years. The remaining recoverable amount of t-mac goodwill is £8,957,142. A further review was undertaken at year end and there was sufficient headroom following this review.

Details relating to the discounted cash flow model used in the impairment test on the Corporate Division excluding the t-mac CGU are as follows:

Valuation basis	Value in use
Key assumptions	Sales growth
	Profit margins
	Discount rates

Determination of growth rates is based on management estimates and forecasts based on internal and external market information.

Assumptions Margins are based on past experience and cost estimates.

Period of specific projected cash flow used in forward cash flow forecasts 5 years

Discount rate 12.3%

Terminal growth rate 2.5%

No impairment has been identified from the goodwill impairment testing performed.

14. Goodwill continued

Impairment loss continued

Details relating to the discounted cash flow model used in the impairment test on the t-mac CGU are as follows:

Valuation basis	Value in use
Key assumptions	Sales growth
	Profit margins
	Discount rates

Determination of growth rates is based on management estimates and forecasts based on internal and external market information.

Assumptions	Margins are based on past experience and cost estimates.
Period of specific projected cash flow used in forward cash flow forecasts	5 years
Discount rate	11%
Terminal growth rate	2.5%

An impairment of £1,315,000 has been identified from the goodwill impairment testing performed at the half year.

Details relating to the discounted cash flow model used in the impairment test on the Enterprise Division CGU are as follows:

Valuation basis	Value in use
Key assumptions	Sales growth
	Profit margins
	Discount rates

Determination of growth rates is based on management estimates and forecasts based on internal and external market information.

Assumptions	Margins are based on past experience and cost estimates.
Period of specific projected cash flow used in forward cash flow forecasts	5 years
Discount rate	11.1%
Terminal growth rate	2.5%

No impairment has been identified from the goodwill impairment testing performed.

The carrying amount of goodwill is allocated to the CGUs as follows:

	As at 31 July 2016 £	As at 31 July 2015 £
Enterprise Division	569,406	569,406
Corporate Division (excluding t-mac)	14,281,743	14,281,743
t-mac	8,957,142	10,272,142
	23,808,291	25,123,291

The recoverable amount of each CGU has been calculated with reference to its value in use. The assumptions used in calculating this are defined above. t-mac was impaired at the half year and a further review was conducted at year end resulting in no further impairment. The Enterprise Division and the Corporate Division (excluding t-mac) had significant headroom under the annual impairment review, which remains after allowing for reasonably possible changes in assumptions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended 31 July 2016

15. Intangible assets

	Software £	Trademarks £	Technology based £	Customer relationships £	Non-compete agreement £	Marketing £	Order backlog £	Total £
Cost								
As at 1 August 2014	77,022	97,453	241,000	7,815,000	28,000	—	—	8,258,475
Additions on acquisition	—	31,886	3,525,900	1,702,300	—	856,100	152,900	6,269,086
Additions	—	—	—	—	—	—	—	—
As at 31 July 2015	77,022	129,339	3,766,900	9,517,300	28,000	856,100	152,900	14,527,561
Depreciation								
As at 1 August 2014	73,241	18,279	77,824	1,011,596	2,333	—	—	1,183,273
Charge for period	770	21,968	207,163	993,349	14,000	21,403	38,225	1,296,878
As at 31 July 2015	74,011	40,247	284,987	2,004,945	16,333	21,403	38,225	2,480,151
Net book value								
As at 31 July 2015	3,011	89,092	3,481,913	7,512,355	11,667	834,697	114,675	12,047,410

	Software £	Intellectual property £	Trademarks £	Technology based £	Customer relationships £	Non-compete agreement £	Marketing £	Order backlog £	Total £
Cost									
As at 1 August 2015	77,022	—	129,339	3,766,900	9,517,300	28,000	856,100	152,900	14,527,561
Additions	1,462	311,343	5,421	—	—	—	—	—	318,226
Disposals	(9,133)	—	—	—	—	—	—	—	(9,133)
As at 31 July 2016	69,351	311,343	134,760	3,766,900	9,517,300	28,000	856,100	152,900	14,836,654
Depreciation									
As at 1 August 2015	74,011	—	40,247	284,987	2,004,945	16,333	21,403	38,225	2,480,151
Charge for period	2,629	—	27,865	647,900	1,049,242	11,667	85,610	114,675	1,939,588
Disposals	(9,133)	—	—	—	—	—	—	—	(9,133)
As at 31 July 2016	67,507	—	68,112	932,887	3,054,187	28,000	107,013	152,900	4,410,606
Net book value									
As at 31 July 2016	1,844	311,343	66,648	2,834,013	6,463,113	—	749,087	—	10,426,048

Technology based intangible assets arose on the acquisition of Aqua Veritas Consulting Limited in 2013 and the acquisition of t-mac Technologies Limited in 2015. Under IFRS 3 the fair value of these technology based assets has been assessed at £241,000 and £3,525,900 respectively as at the dates of acquisition. The carrying values of these assets at 31 July 2016 is £42,678 and £2,791,335 respectively. Management assesses the remaining useful life of these assets to be one year and five years respectively. It is the opinion of management that these assets were not impaired at 31 July 2016.

Customer relationships have been valued in relation to both Aqua Veritas Consulting Limited and Energy Information Centre Limited in 2013, Icon Communication Centres s.r.o. in 2014 and t-mac Technologies Limited in 2015. These have been valued at £443,000, £6,239,000, £1,133,000 and £1,702,300 respectively. It is the opinion of management that these assets were not impaired at 31 July 2016.

15. Intangible assets *continued*

The carrying value of the customer relationships within Aqua Veritas Consulting Limited at the year end is £nil (2015: £nil).

The carrying value of the customer relationships within Energy Information Centre Limited at the year end is £4,289,313 (2015: £4,913,213). Management assesses the remaining useful life of these relationships to be seven years.

The carrying value of the customer relationships within Icon Communication Centres s.r.o. at the year end is £826,146 (2015: £967,771). Management assesses the remaining useful life of these relationships to be six years.

The carrying value of the customer relationships within t-mac Technologies Limited at the year end is £1,347,654 (2015: £1,631,371). Management assesses the remaining useful life of these relationships to be five years.

Marketing and order backlog have been valued in relation to t-mac Technologies Limited in 2015. These have been valued at £856,100 and £152,900 respectively. It is the opinion of management that these assets were not impaired at 31 July 2016. Management assesses the remaining useful life of marketing and order backlog to be nine years and nil respectively.

The carrying value of marketing and the order backlog within t-mac Technologies Limited at the year end was £749,087 (2015: £834,697) and £nil (2015: £114,675) respectively. Management assesses the remaining useful life of marketing to be nine years.

16. Subsidiaries

The principal subsidiaries of the Company, all of which have been included in the consolidated financial information, are as follows:

Name	Principal activity	Ownership as at 31 July 2016	Ownership as at 31 July 2015
Eco Monitoring Utility Systems Limited (incorporated – United Kingdom)	Design and implementation of energy services solutions	100%	100%
Utilitywise Enterprise Limited (incorporated – United Kingdom)	Dormant	100%	100%
Clouds Environmental Consultancy Limited (incorporated – United Kingdom)	Energy and environmental consumption consultancy	100%	100%
Aqua Veritas Consulting Limited (incorporated – United Kingdom)	Consultancy services	100%	100%
Energy Information Centre Limited (incorporated – United Kingdom)	Provision of energy information and consultancy services	100%	100%
EIC Energy Trading Limited (incorporated – United Kingdom)	Dormant	100%	100%
Broadfern Properties Limited (incorporated – United Kingdom)	Dormant	100%	100%
Icon Communication Centres s.r.o. (incorporated – Czech Republic)	Provision of contact centre services	100%	100%
Utilitywise Franchising Limited (incorporated – United Kingdom)	Dormant	100%	100%
Utilitywise Deutschland GmbH (incorporated – Germany)	Dormant	100%	100%
t-mac Technologies Limited (incorporated – United Kingdom)	Provision of energy information and consultancy services	100%	100%

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for the year ended 31 July 2016

17. Inventories

	As at 31 July 2016 £	As at 31 July 2015 £
Finished goods	558,610	642,825

18. Trade and other receivables

	As at 31 July 2016 £	As at 31 July 2015 £
Current		
Trade receivables	6,586,308	5,942,412
Prepayments	2,222,774	1,461,841
Accrued revenue	10,847,486	8,535,046
	19,656,568	15,939,299
Non-current		
Accrued revenue	29,649,816	22,977,894
	29,649,816	22,977,894

The ageing analysis of trade receivables is as follows:

	As at 31 July 2016 £	As at 31 July 2015 £
Up to 3 months	6,083,098	5,734,690
3 to 6 months	442,173	165,926
Older than 6 months	61,037	41,796
	6,586,308	5,942,412

Within trade and other receivables £61,037 is deemed past due but fully recoverable at the year-end date (2015: £41,796).

The quality of the credit is identified as high due to the significant amount of debt owed by blue-chip companies. Any cash amounts received in advance of services performed are available for set-off against accrued revenue balances. The accrued revenue and cash received in advance balances included within trade and other receivables have been discounted at 2.25%.

19. Trade and other payables

	As at 31 July 2016 £	As at 31 July 2015 £
Current		
Trade payables	2,259,181	2,782,645
Accruals	5,875,689	3,860,253
Deferred revenue	7,146,732	3,222,241
Contingent consideration	—	1,174,545
Social security and other taxes	5,857,615	5,509,538
Other creditors	505,207	581,790
	21,644,424	17,131,012
Non-current		
Accruals and deferred revenue	4,419,125	4,753,000
Contingent consideration	—	4,565,773
Other creditors	16,440	21,231
	4,435,565	9,340,004

19. Trade and other payables *continued*

The table below summarises the maturity profile of the Group's financial liabilities as at 31 July 2016, based on contractual undiscounted payments.

	Less than three months £	Three to twelve months £	One to five years £	Over five years £	Total £
31 July 2016					
Trade payables	2,259,181	—	—	—	2,259,181
Accruals	5,769,011	106,673	568,923	1,149,699	7,594,306
Contingent consideration	—	—	—	—	—
Other creditors	505,207	16,440	—	—	521,647
Revolving credit facility	—	—	13,175,000	—	13,175,000

The revolving credit facility incurs interest as outlined in note 20. The future interest commitments are dependent on the level of drawdown and the resulting interest rate applied. Should the balance as at 31 July 2016 remain unchanged throughout the year, interest payable would be £273,645.

	Less than three months £	Three to twelve months £	One to five years £	Over five years £	Total £
31 July 2015					
Trade payables	2,782,645	—	—	—	2,782,645
Accruals	3,566,215	106,673	568,923	1,280,077	5,521,888
Contingent consideration	—	1,174,545	4,565,773	—	5,740,318
Other creditors	581,790	—	21,231	—	603,021
Revolving credit facility	—	—	13,175,000	—	13,175,000

The future interest commitments on the revolving credit facility are dependent on the level of drawdown and the resulting interest rate applied. Should the balance as at 31 July 2015 remain unchanged throughout the year, interest payable would be £276,675.

The ageing analysis of trade payables is as follows:

	As at 31 July 2016 £	As at 31 July 2015 £
Up to 3 months	1,577,021	2,146,678
3 to 6 months	426,901	549,549
Older than 6 months	255,259	86,418
	2,259,181	2,782,645

Book values approximate to fair values at 31 July 2016 and 31 July 2015.

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for the year ended 31 July 2016

20. Loans and borrowings

	31 July 2016 £	31 July 2015 £
Revolving credit facility	13,175,000	13,175,000
Total loans and borrowings	13,175,000	13,175,000

Book values approximate to fair values at 31 July 2016 and 31 July 2015.

The Group has a revolving credit facility. The maximum drawdown on this facility is £25m (2015: £25m). The Group has undrawn borrowing facilities available at 31 July 2016 of £11.8m. Interest is charged on the facility at a rate of LIBOR + 1.60% (2015: LIBOR + 1.60%). The facility expires on 20 April 2019.

The facility is secured by a fixed charge over the Group's freehold property and a floating charge over the assets of the Group.

21. Deferred tax

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 18%.

The movement on the deferred tax account is as shown below:

	Accelerated tax depreciation £	Share based payments £	Tax losses £	Intangible assets £	Short-term temporary timing differences £	Total £
As at 1 August 2014	667,269	(740,086)	(1,294)	1,387,104	(180,351)	1,132,642
Acquired on acquisition	—	—	—	1,247,440	—	1,247,440
Credit to equity	—	247,045	—	—	—	247,045
Acquired on acquisition	3,007	—	—	—	—	3,007
Tax expense	(60,091)	(161,122)	—	(254,835)	(256,085)	(732,133)
As at 31 July 2015	610,185	(654,163)	(1,294)	2,379,709	(436,436)	1,898,001
Acquired on acquisition	(6,879)	—	(3,998)	—	(83)	(10,960)
Credit to equity	—	367,053	—	—	—	367,053
Tax expense	(90,425)	211,111	(29,725)	(470,930)	306,167	(73,802)
As at 31 July 2016	512,881	(75,999)	(35,017)	1,908,779	(130,352)	2,180,292

The deferred tax has arisen due to the timing difference on accelerated capital allowances, discounting on accrued revenue and deferred tax liabilities acquired on business combinations.

22. Provisions

	Onerous lease £	Dilapidations £	Total £
As at 1 August 2015	471,774	400,000	871,774
Utilised in the year	(345,314)	—	(345,314)
As at 31 July 2016	126,460	400,000	526,460
Due in less than one year	126,460	400,000	526,460
Due in more than one year	—	—	—
	126,460	400,000	526,460

22. Provisions *continued*

During the next financial year the previous head office will continue to be unoccupied whilst the lease is payable until December 2016. Given that the premises will remain empty throughout the remainder of the lease, the full value of remaining lease payments was recognised under IAS 37 as an onerous lease provision in 2014.

A dilapidations provision of £400,000 has also been recognised on the premises in line with the terms of the lease. The lease expiry is imminent and negotiations are continuing in order to finalise the dilapidations sum required. It is expected that the outcome will be close to the provision amount and any over or under amount will be charged or credited as an exceptional item consistent with the treatment on the original sums.

23. Share capital

	2016		2015	
	Number	£	Number	£
Share capital issued and fully paid				
<i>Ordinary shares of £0.001 each</i>				
As at 1 August	76,592,334	76,592	74,514,151	74,514
Deferred consideration	—	—	30,701	31
Consideration	—	—	1,782,319	1,783
SAYE options exercised	539,856	540	10,670	11
CSOP options exercised	820,914	821	115,032	115
LTIP options exercised	127,859	128	139,461	139
As at 31 July	78,080,963	78,081	76,592,334	76,593

Ordinary shares carry the right to one vote per share at general meetings of the Company and the rights to share in any distribution of profits or returns of capital and to share in any residual assets available for distribution in the event of a winding up.

On 6 October 2014 a further 12,500 shares were issued pursuant to the exercise of options over such shares, leading to additions to share capital of £13 and additions to share premium of £7,487.

On 10 December 2014 a further 158,905 shares were issued pursuant to the exercise of options over such shares, leading to additions to share capital of £159 and additions to share premium of £187,341.

On 16 January 2015 a further 48,479 shares were issued pursuant to the exercise of options over such shares, leading to additions to share capital of £48 and additions to share premium of £65,572.

On 21 April 2015 a further 1,782,319 shares were issued at 210.4p per share for consideration in the investment in t-mac Technologies Limited. The investment has been recognised at fair value in the consolidated financial statements which resulted in additions to the merger reserve of £3,748,218 and additions to share capital of £1,782.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended 31 July 2016

23. Share capital continued

On 7 May 2014 a further 61,402 shares were issued in settlement of deferred and contingent consideration due on the acquisition of Icon Communication Centres s.r.o., as announced on 29 April 2015. The deferred consideration of 30,701 shares is included in the brought-forward 2015 share capital balance. The contingent consideration of 30,701 has been recorded in the year ended July 2015 leading to additions to share capital of £31 and additions to share premium of £98,508.

On 7 May 2015 a further 35,294 shares were issued pursuant to the exercise of options over such shares, leading to additions to share capital of £35 and additions to share premium of £29,961.

On 5 November 2015 a further 103,186 shares were issued pursuant to the exercise of options over such shares, leading to additions to share capital of £103 and additions to share premium of £125,962.

On 1 December 2015 a further 529,001 shares were issued pursuant to the exercise of options over such shares, leading to additions to share capital of £529 and additions to share premium of £446,870.

On 5 January 2016 a further 293,143 shares were issued pursuant to the exercise of options over such shares, leading to additions to share capital of £293 and additions to share premium of £197,872.

On 19 January 2016 a further 173,354 shares were issued pursuant to the exercise of options over such shares, leading to additions to share capital of £173 and additions to share premium of £151,485.

On 27 January 2016 a further 25,294 shares were issued pursuant to the exercise of options over such shares, leading to additions to share capital of £25 and additions to share premium of £17,073.

On 10 February 2016 a further 36,744 shares were issued pursuant to the exercise of options over such shares, leading to additions to share capital of £37 and additions to share premium of £24,802.

On 16 March 2016 a further 22,222 shares were issued pursuant to the exercise of options over such shares, leading to additions to share capital of £22 and additions to share premium of £29,977.

On 20 April 2016 a further 98,669 shares were issued pursuant to the exercise of options over such shares, leading to additions to share capital of £99 and additions to share premium of £80,481.

On 26 April 2016 a further 35,294 shares were issued pursuant to the exercise of options over such shares, leading to additions to share capital of £35 and additions to share premium of £29,964.

On 13 May 2016 a further 35,294 shares were issued pursuant to the exercise of options over such shares, leading to additions to share capital of £35 and additions to share premium of £29,964.

On 25 May 2016 a further 105,810 shares were issued pursuant to the exercise of options over such shares, leading to additions to share capital of £106 and additions to share premium of £100,944.

On 9 June 2016 a further 11,715 shares were issued pursuant to the exercise of options over such shares, leading to additions to share capital of £12 and additions to share premium of £7,908.

On 30 June 2016 a further 5,325 shares were issued pursuant to the exercise of options over such shares, leading to additions to share capital of £5 and additions to share premium of £3,594.

On 7 July 2016 a further 13,578 shares were issued pursuant to the exercise of options over such shares, leading to additions to share capital of £14 and additions to share premium of £9,165.

24. Reserves

Retained earnings are the cumulative net profits in the consolidated statement of profit or loss and other comprehensive income adjusted for tax on equity items and share based payment reserve transfers.

The share option reserve represents the accumulated charge to date for the fair value of share options expected to vest.

Forex reserve is the accumulation of gains/losses on retranslation of the net assets of foreign subsidiaries into sterling.

During the prior years the Group made a number of acquisitions. Where shares have been issued as part of a business combination the nominal value is held within share capital and the excess of fair value of own shares issued over nominal value is held within the merger reserve.

Movements on reserves are set out in the consolidated statement of changes in equity.

25. Leases

The Group leases a number of vehicles and some computer equipment, as well as its property. The total value of minimum lease payments is due as follows:

	31 July 2016 £	31 July 2015 £
Not later than one year	1,467,624	1,317,600
Later than one year and not later than five years	5,075,807	4,164,928
Later than five years	9,997,487	11,409,042
	16,540,918	16,891,570

The above value of minimum lease payments includes payments in relation to a property lease. These values differ to the rental charge to be included in the profit and loss account as a lease incentive was received by the Group on these premises.

26. Capital commitments

At the year end the Group had no capital commitments. As at 31 July 2015 the Group had no capital commitments.

27. Related party transactions

Compensation of key management personnel (including Directors)

	31 July 2016 £	31 July 2015 £
Wages and salaries	1,677,063	1,482,788
Social security costs	209,859	168,935
Pension contributions	122,386	118,930
Share option expense	153,236	56,388
	2,162,544	1,827,041

Individual details of the Directors' remuneration, share options and pension benefits can be found in the Directors' Report.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended 31 July 2016

27. Related party transactions continued

Compensation of key management personnel (including Directors) continued

During the year payments totalling £nil (2015: £60,000) were made for services received from R Feigen and this was invoiced through Hub Capital Partners Limited, of which R Feigen is a director. This has been disclosed within Directors' emoluments. The balance outstanding as at 31 July 2016 was £nil (2015: £nil).

During the year payments totalling £30,000 (2015: £30,000) were made for services received from J Middleton and this was invoiced through Middleton Enterprises Limited, of which J Middleton is a director. This has been disclosed within Directors' emoluments. The balance outstanding as at 31 July 2016 was £2,500 (2015: £2,500).

During the year payments totalling £nil (2015: £14,400) were made for services received from The Entrepreneurs Forum, of which G Thompson was a Director. G Thompson resigned as a director of The Entrepreneurs' Forum on 6 October 2014. The balance outstanding as at 31 July 2016 was £nil (2015: £7,525).

During the year payments totalling £46,476 (2015: £nil) were made for services received from Capital Access Group, of which R Feigen is CEO. The balance outstanding as at 31 July 2016 was £24,000 (2015: £nil).

The following loans to/(from) Directors existed during the year ended 31 July 2015 and are no longer outstanding as at 31 July 2016.

	31 July 2016 £	31 July 2015 £
G Thompson		
Opening balance	—	3,000
Amounts advanced	—	—
Amounts repaid	—	(3,000)
Closing balance	—	—
R Feigen		
Opening balance	—	(141,938)
Amounts advanced	—	—
Amounts repaid	—	141,938
Closing balance	—	—

The loans were interest free and repayable on demand.

28. Share based payments

The Group operates equity-settled LTIP remuneration schemes for Directors and certain management. The only vesting condition attached to all of the options other than LTIP 7 is that the individual must remain an employee of the Group for a minimum period.

LTIP 7 includes non-market based performance criteria. The performance criteria are as follows:

The Cumulative Cash Flow Performance Target

This applies to a distinct one half of the total number of the subject shares. No proportion of the cash flow part shall vest unless the Company's cumulative cash flows for financial years ending 31 July 2017 and 31 July 2018 equal or exceed £32,000,000, in which case the cash flow part may vest to the extent as described below:

Cumulative cash flow for financial years ending 31 July 2017 and 31 July 2018	% of the cash flow part that vests
£45,000,000 or greater	100%
Between £32,000,000 and £45,000,000	On a straight line basis between 25% and 100%
Less than £32,000,000	0%

28. Share based payments *continued*

The EPS performance target

This applies to a distinct one half of the total number of the subject shares. No portion of the EPS part shall vest unless the Company's EPS for the financial year ending 31 July 2018 equals 26p, in which case the EPS part may vest to the extent as described below:

EPS for financial year ending 31 July 2018	% of the EPS part that vests
30p or greater	100%
Between 26p and 30p	On a straight line basis between 25% and 100%
Less than 26p	0%

LTIP options were issued on 12 June 2012, 6 August 2013, 20 May 2014, 22 January 2015, 30 April 2015, 30 June 2015 and 18 February 2016.

The Group operates equity-settled Save As You Earn (SAYE) schemes for employees and equity-settled Company Share Option Plan (CSOP) remuneration schemes for Directors and certain management. The only vesting conditions attached to the options are that the individual must remain an employee of the Group for a minimum period. SAYE options were granted on 23 November 2012, 4 December 2013 and 27 November 2014. CSOP options were granted on 23 November 2012, 6 August 2014 and 22 January 2015.

The number of share options in existence during the year was as follows:

LTIP scheme 1

	2016		2015	
	Number of share options	Weighted average exercise price	Number of share options	Weighted average exercise price
As at 1 August	37,500	60p	75,000	60p
Forfeited during the year	—	60p	(12,500)	60p
Exercised during the year	—	60p	(25,000)	60p
Outstanding as at 31 July	—	60p	37,500	60p
Exercisable as at 31 July	37,500	60p	37,500	60p

LTIP scheme 2

	2016		2015	
	Number of share options	Weighted average exercise price	Number of share options	Weighted average exercise price
As at 1 August	622,747	135p	737,208	135p
Forfeited during the year	—	135p	(25,572)	135p
Exercised during the year	(153,431)	135p	(88,889)	135p
Outstanding as at 31 July	469,316	135p	622,747	135p
Exercisable as at 31 July	469,316	—	—	—

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended 31 July 2016

28. Share based payments continued

LTIP scheme 3

	2016		2015	
	Number of share options	Weighted average exercise price	Number of share options	Weighted average exercise price
As at 1 August	125,000	325p	125,000	325p
Outstanding as at 31 July	125,000	325p	125,000	325p
Exercisable as at 31 July	125,000	—	—	—

LTIP scheme 4

	2016		2015	
	Number of share options	Weighted average exercise price	Number of share options	Weighted average exercise price
As at 1 August	431,497	219p	—	—
Granted during the year	—	219p	441,771	219p
Forfeited during the year	(31,963)	219p	(10,274)	219p
Outstanding as at 31 July	399,534	219p	431,497	219p
Exercisable as at 31 July	—	—	—	—

LTIP scheme 5

	2016		2015	
	Number of share options	Weighted average exercise price	Number of share options	Weighted average exercise price
As at 1 August	67,779	220p	—	—
Granted during the year	—	220p	67,779	220p
Outstanding as at 31 July	67,779	220p	67,779	220p
Exercisable as at 31 July	—	—	—	—

LTIP scheme 6

	2016		2015	
	Number of share options	Weighted average exercise price	Number of share options	Weighted average exercise price
As at 1 August	350,000	268p	—	—
Granted during the year	—	268p	350,000	268p
Outstanding as at 31 July	350,000	268p	350,000	268p
Exercisable as at 31 July	—	—	—	—

LTIP scheme 7

	2016		2015	
	Number of share options	Weighted average exercise price	Number of share options	Weighted average exercise price
As at 1 August	—	0.1p	—	—
Granted during the year	1,102,500	0.1p	—	—
Outstanding as at 31 July	1,102,500	0.1p	—	—
Exercisable as at 31 July	—	—	—	—

28. Share based payments *continued***SAYE scheme 1**

	2016		2015	
	Number of share options	Weighted average exercise price	Number of share options	Weighted average exercise price
As at 1 August	542,356	67.6p	599,760	67.6p
Forfeited during the year	(2,500)	67.6p	(47,419)	67.6p
Exercised during the year	(539,856)	67.6p	(9,985)	67.6p
Outstanding as at 31 July	—	67.6p	542,356	67.6p
Exercisable as at 31 July	—	—	—	—

SAYE scheme 2

	2016		2015	
	Number of share options	Weighted average exercise price	Number of share options	Weighted average exercise price
As at 1 August	328,065	160.4p	438,579	160.4p
Forfeited during the year	(83,700)	160.4p	(109,829)	160.4p
Exercised during the year	—	160.4p	(685)	160.4p
Outstanding as at 31 July	244,365	160.4p	328,065	160.4p
Exercisable as at 31 July	—	—	—	—

SAYE scheme 3

	2016		2015	
	Number of share options	Weighted average exercise price	Number of share options	Weighted average exercise price
As at 1 August	305,429	229p	—	—
Granted during the year	—	229p	368,937	229p
Forfeited during the year	(110,035)	229p	(63,508)	229p
Outstanding as at 31 July	195,394	229p	305,429	229p
Exercisable as at 31 July	—	—	—	—

CSOP scheme 1

	2016		2015	
	Number of share options	Weighted average exercise price	Number of share options	Weighted average exercise price
As at 1 August	873,529	85p	979,411	85p
Forfeited during the year	—	85p	(35,294)	85p
Exercised during the year	(776,470)	85p	(70,588)	85p
Outstanding as at 31 July	97,059	85p	873,529	85p
Exercisable as at 31 July	97,059	—	—	—

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended 31 July 2016

28. Share based payments continued

CSOP scheme 2

	2016		2015	
	Number of share options	Weighted average exercise price	Number of share options	Weighted average exercise price
As at 1 August	711,113	135p	755,557	135p
Granted during the year	—	135p	22,222	135p
Forfeited during the year	(22,222)	135p	(22,222)	135p
Exercised during the year	(44,444)	135p	(44,444)	135p
Outstanding as at 31 July	644,447	135p	711,113	135p
Exercisable as at 31 July	—	—	—	—

CSOP scheme 3

	2016		2015	
	Number of share options	Weighted average exercise price	Number of share options	Weighted average exercise price
As at 1 August	872,137	219p	—	—
Granted during the year	—	219p	875,561	219p
Forfeited during the year	(82,190)	219p	(3,424)	219p
Outstanding as at 31 July	789,947	219p	872,137	219p
Exercisable as at 31 July	—	—	—	—

The vesting period of the LTIP remuneration schemes is two years. The vesting period of the CSOP remuneration schemes and SAYE schemes is three years.

The contractual life of the LTIP and CSOP remuneration schemes is five years and the contractual life of the SAYE schemes is 3.75 years.

Options are valued using the Black-Scholes option pricing model. The following information is relevant in the determination of the fair value of options granted.

	LTIP 1	LTIP 2	LTIP 3	LTIP 4	LTIP 5	LTIP 6
Risk free interest rate	0.37%	1.39%	1.84%	0.96%	1.30%	1.51%
Expected volatility	37.0%	40.7%	34.6%	32.7%	32.9%	32.4%
Expected option life (in years)	3	5	5	5	5	5
Weighted average share price (in pence)	60	135	316	215	219	265
Weighted average exercise price (in pence)	60	135	325	219	220	268
Weighted average fair value of options granted (in pence)	15	38	89	51	51	51

28. Share based payments continued**CSOP scheme 3 continued**

	CSOP 1	CSOP 2	CSOP 3	SAYE 1	SAYE 2	SAYE 3
Risk free interest rate	0.83%	1.39%	0.96%	0.64%	1.38%	1.29%
Expected volatility	41.6%	40.7%	32.7%	39.0%	30.9%	33.1%
Expected option life (in years)	5	5	5	3.75	3.6	5
Weighted average share price (in pence)	85	135	215	89	240.5	284
Weighted average exercise price (in pence)	85	135	219	67.6	160.4	229
Weighted average fair value of options granted (in pence)	32	38	51	36	90	97

The 2016 LTIP award (LTIP 7), which has been granted with an exercise price of 0.1p and a conventional option pricing model such as Black-Scholes, would result in an option value equivalent to the share price. Therefore, the value of the awards will be the share price as at the grant date (i.e. 18 February). The share price on 18 February 2016 was £1.74.

The share based remuneration expense comprises:

	2016	2015
Equity settled – LTIP 1-7	351,055	194,850
Equity settled – SAYE 1-3	43,752	224,683
Equity settled – CSOP 1-3	244,548	275,758
	639,355	695,291

COMPANY STATEMENT OF FINANCIAL POSITION

as at 31 July 2016

	Note	As at 31 July 2016 £	As at 31 July 2015 £
Non-current assets			
Tangible assets	4	2,250,348	2,390,625
Intangible assets	5	22,503	33,914
Fixed asset investments	6	38,107,554	41,091,729
Debtors	7	29,632,375	22,977,894
Total non-current assets		70,012,780	66,494,162
Current assets			
Debtors	7	18,833,110	15,900,902
Cash at bank and in hand		11,008,202	4,780,293
Total current assets		29,841,312	20,681,195
Current liabilities			
Creditors: amounts falling due within one year	8	29,936,070	22,601,656
Total current liabilities		29,936,070	22,601,656
Net current liabilities		94,758	1,920,461
Non-current liabilities			
Creditors: amounts falling due after more than one year	9	17,174,113	22,567,643
Provision for liabilities	11	526,460	871,775
Total non-current liabilities		17,700,573	23,439,418
Net assets		52,217,449	41,134,283
Equity attributable to equity holders of the parent company			
Called-up share capital	12	78,081	76,593
Share premium		14,129,557	12,873,498
Merger reserve		9,531,644	9,531,644
Share option reserve		1,359,227	1,599,744
Retained earnings		27,118,940	17,052,804
Total equity		52,217,449	41,134,283

The financial statements on pages 56 to 68 were approved by the Board of Directors and authorised for issue on 17 October 2016 and are signed on its behalf by:

Geoff Thompson
Executive Chairman
17 October 2016



COMPANY STATEMENT OF CHANGES IN EQUITY

31 July 2016

	Share capital £	Share premium £	Share option reserve £	Merger reserve £	Retained earnings £	Total £
As at 1 August 2014	74,514	12,477,889	1,231,434	5,783,427	10,471,250	30,038,514
Profit for the period	—	—	—	—	9,842,035	9,842,035
Other comprehensive income	—	—	—	—	—	—
Total comprehensive income for the year	—	—	—	—	9,842,035	9,842,035
Dividends paid	—	—	—	—	(3,365,287)	(3,365,287)
Share option expense	—	—	695,291	—	—	695,291
Deferred tax on share options	—	—	(247,045)	—	—	(247,045)
Tax on equity items	—	—	—	—	24,870	24,870
Issue of shares	2,079	395,609	—	3,748,217	—	4,145,905
Reserves transfer relating to share based payments	—	—	(79,936)	—	79,936	—
Total contributions by and distributions to owners	2,079	395,609	368,310	3,748,217	(3,260,481)	1,253,734
As at 31 July 2015	76,593	12,873,498	1,599,744	9,531,644	17,052,804	41,134,283
Profit for the period	—	—	—	—	13,654,443	13,654,443
Other comprehensive income	—	—	—	—	—	—
Total comprehensive income for the year	—	—	—	—	13,654,443	13,654,443
Dividends paid	—	—	—	—	(4,218,232)	(4,218,232)
Share option expense	—	—	639,355	—	—	639,355
Deferred tax on share options	—	—	(367,053)	—	—	(367,053)
Tax on equity items	—	—	—	—	117,106	117,106
Issue of shares	1,488	1,256,059	—	—	—	1,257,547
Reserves transfer relating to share based payments	—	—	(512,819)	—	512,819	—
Total contributions by and distributions to owners	1,488	1,256,059	(240,517)	—	(3,588,307)	(2,571,277)
As at 31 July 2016	78,081	14,129,557	1,359,227	9,531,644	27,118,940	52,217,449

Financial statements

NOTES TO THE COMPANY FINANCIAL STATEMENTS

for the year ended 31 July 2016

1. Accounting policies

Basis of preparation

These financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101). The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

The financial statements have been prepared on a historical cost basis.

Disclosure exemptions adopted

In preparing these financial statements the Company has taken advantage of all disclosure exemptions conferred by FRS 101. Therefore these financial statements do not include:

- certain comparative information as otherwise required by EU endorsed IFRS;
- certain disclosures regarding the Company's capital;
- a statement of cash flows;
- the effect of future accounting standards not yet adopted;
- the disclosure of the remuneration of key management personnel; and
- disclosure of related party transactions with other wholly owned members of the Group headed by Utilitywise plc.

In addition, and in accordance with FRS 101, further disclosure exemptions have been adopted because equivalent disclosures are included in the consolidated financial statements of Utilitywise plc. These financial statements do not include certain disclosures in respect of:

- share based payments;
- financial instruments; and
- impairment of assets.

The consolidated accounts of Utilitywise plc are available to the public and may be obtained from Companies House, Crown Way, Maindy, Cardiff CF14 3UZ. No other Group accounts include the results of the Company.

First time adoption of FRS 101

In the current year, the Company has adopted FRS 101, with the transition date of 1 August 2014. In previous years the financial statements were prepared in accordance with applicable UK accounting standards.

The change in the basis of preparation has materially altered the recognition and measurement requirements previously adopted in accordance with applicable UK accounting standards. An explanation of the impact of the adoption of FRS 101 for the first time is included in note 16.

Turnover

The Company measures turnover at the fair value of the consideration received or receivable. The Company recognises revenue for services provided when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the entity.

The Company provides services through negotiating rates with energy suppliers on behalf of business customers and generates revenues by way of commissions from the energy suppliers. This type of revenue is recognised when the contract between the customer and the energy supplier becomes live. Contractually no further services regarding procurement are performed once the contract has gone live. Commissions are calculated based on expected energy use by the business customer at agreed commission rates with the energy suppliers. Where actual energy use by the business differs to that calculated an adjustment is made to the contract value. Negative variances are recorded against the revenue provision. For existing customers where the contract has already gone live the market can provide pricing opportunities to extend an existing contract with the same supplier. In these circumstances revenue is recognised when the contract extension is signed. All procurement revenue in the Enterprise division is recognised on this basis.

1. Accounting policies *continued*

Turnover *continued*

The cash-received profile relating to these revenues varies according to the contract terms in place with the energy supplier engaged and can be received before the date the contract goes live or spread over the term of the contract, which can be for a period of up to five years. Accrued revenues relate to commissions recognised in the profit and loss account not yet invoiced and discounted at an appropriate rate.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Improvements to property	– period of the lease
Computer software	– 25% on cost
Fixtures and fittings	– 25% on cost
Motor vehicles	– 33% on cost
Computer equipment	– 33% on cost

Investments

Investments are stated at cost less any provision for impairment.

Trademarks

Trademarks are amortised over their useful economic lives, which are deemed to be three years.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, except that:

- deferred tax is not recognised on timing differences arising on revalued properties unless the Group has entered into a binding sale agreement and is not proposing to take advantage of rollover relief; and
- the recognition of deferred tax assets is limited to the extent that the Group anticipated making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances arising from underlying timing differences in respect of tax allowances on industrial buildings are reversed if and when all conditions for retaining those allowances have been met.

Deferred tax balances are not discounted.

Pension costs

The Company operates a defined contribution pension scheme. Contributions payable to the Company's pension scheme are charged to the profit and loss account in the period to which they relate.

Operating lease agreements

Rentals payable under operating leases are charged to the profit and loss account in the period to which they relate.

Grants

Grants receivable in respect of tangible fixed assets are credited to the profit and loss account over the expected useful economic lives of the relevant assets to which they relate. Grants received but not yet released to the profit and loss account are included as deferred income in the balance sheet.

NOTES TO THE COMPANY FINANCIAL STATEMENTS CONTINUED

for the year ended 31 July 2016

1. Accounting policies *continued*

Dividends

Dividends paid are recognised in the Company financial statements in the period in which they become legally payable. In the case of interim dividends this is when they are actually paid. In the case of final dividends it is when they are approved by shareholders.

Share based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the income statement over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the amount that eventually vest.

Fair value is measured by use of a Black-Scholes option pricing model. The expected life used in the model has been adjusted, based on the Directors' best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

2. Critical accounting estimates and judgements

The Company makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including the expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. 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 discussed below.

Judgements and accounting estimates and assumptions

(a) Revenue recognition

Energy procurement revenue is recorded at the fair value of the service provided, which is calculated using expected energy use of the business customer at agreed commission rates with the energy provider. The Company believes that, based on past performance, it can reliably measure commission income; however, there is inevitably a variability in these calculations for energy use by the business customer and this is taken into account when assessing the initial fair value. Historic data currently indicates that the variability is circa 15%. The variability can arise in two main instances. On contracts that run to maturity, variability arises due to under or over consumption against the initial estimate and in the second instance variability arises due to contracts ending prematurely. If the variability assumption is adjusted, the revised variability rate is applied to the total live population resulting in a movement in revenue recognised in the period.

The fair value estimate methodology is assessed on an ongoing basis to ensure it remains appropriate. The assessment of the variability is based on the maturing contract portfolio in the prior year and these are assumed to have similar characteristics to those that are still running. The methodology applied is designed to give a reliable estimate of contract variability; however, as it reviews only a one-year population of ended contracts, it is at risk of being distorted by anomalies that may occur in the normal course of business. Contract lengths which over the life of the business have extended could introduce further variability. Should the assumptions on which commission income is calculated not be representative of the current live population and therefore equate to more or less than 15% then there may be a material impact on reported revenues and profits. If commission income varied by a further 1%, reported revenues would differ by £745,728 on contracts that went live during the period. The cumulative impact of adjusting all live contracts at the year end by 1% would be a movement of £1,595,430.

Management has estimated the future cash flows from revenue and applied a 2.25% discount rate to reflect the risk associated with the cash flows. This discount rate is deemed to be an appropriate reflection of the risks relating to these cash flows, having reviewed the external financing conditions appropriate to utilities providers. Should a different discount rate be applied then reported profits would change. A 0.5% movement in the discount rate would result in a change in profit of £433,662.

2. Critical accounting estimates and judgements *continued*

Judgements and accounting estimates and assumptions *continued*

(b) Property, plant and equipment

Property, plant and equipment are depreciated over the useful lives of the assets. Useful lives are based on management's estimates of the period that the assets will generate revenue, which are reviewed annually for continued appropriateness. The carrying values are tested for impairment when there is an indication that the value of the assets might be impaired. When carrying out impairment tests these would be based upon future cash flow forecasts and these forecasts would be based upon management's judgement. Future events could cause the assumptions to change; therefore, this could have an adverse effect on the future results of the Company.

(c) Share based payments

The Company has an equity-settled share based remuneration scheme for employees. Employee services received, and the corresponding increase in equity, are measured by reference to the fair value of the equity instruments (shares) at the date of grant. The fair value of share options is estimated by using the Black-Scholes valuation model on the date of grant based on certain assumptions. Those assumptions are described in note 29 and include, among others, expected volatility, expected life of the options and number of options expected to vest.

3. Profit for the financial year

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own profit and loss account in these financial statements. The Group profit for the year includes a result after tax of £13,654,443 (2015: £9,842,035), which is dealt with in the financial statements of the parent company.

4. Tangible fixed assets

	Improvements to property £	Computer software £	Fixtures and fittings £	Computer equipment £	Motor vehicles £	Total £
Cost						
As at 1 August 2015	1,412,795	516,184	564,616	1,167,983	53,149	3,714,727
Additions	70,489	146,893	14,037	172,803	—	404,222
Disposals	—	—	—	(244,080)	(6,541)	(250,621)
As at 31 July 2016	1,483,284	663,077	578,653	1,096,706	46,608	3,868,328
Depreciation						
As at 1 August 2015	83,384	316,104	288,937	631,708	3,969	1,324,102
Charge for period	100,178	85,127	100,595	242,741	11,925	540,566
Disposals	—	—	—	(243,418)	(3,270)	(246,688)
As at 31 July 2016	183,562	401,231	389,532	631,031	12,624	1,617,980
Net book value						
As at 31 July 2016	1,299,722	261,846	189,121	465,675	33,984	2,250,348
As at 31 July 2015	1,329,411	200,080	275,679	536,275	49,180	2,390,625

NOTES TO THE COMPANY FINANCIAL STATEMENTS CONTINUED

for the year ended 31 July 2016

5. Intangible assets

	Trademarks £
Cost	
As at 1 August 2014	15,645
Additions	31,886
As at 31 July 2015	47,531
Depreciation	
As at 1 August 2014	2,686
Charge for period	10,931
As at 31 July 2015	13,617
Net book value	
As at 31 July 2015	33,914
	Trademarks £
Cost	
As at 1 August 2015	47,531
Additions	5,420
As at 31 July 2016	52,951
Depreciation	
As at 1 August 2015	13,617
Charge for period	16,831
As at 31 July 2016	30,448
Net book value	
As at 31 July 2016	22,503

6. Fixed asset investments

	Shares in subsidiaries £
Cost	
As at 1 August 2014	24,440,944
Additions	16,650,785
As at 31 July 2015	41,091,729
Amounts written off	
As at 1 August 2014	—
Charge for period	—
As at 31 July 2015	—
Net book value	
As at 31 July 2015	41,091,729

6. Fixed asset investments *continued*

	Shares in subsidiaries £
Cost	
As at 1 August 2015	41,091,729
Additions	—
As at 31 July 2016	41,091,729
Amounts written off	
As at 1 August 2015	—
Charge for period	2,984,175
As at 31 July 2016	2,984,175
Net book value	
As at 31 July 2016	38,107,554

The impairment charge in the year relates to t-mac. t-mac has not hit forecasted profits since acquisition; therefore, an impairment review was undertaken, resulting in the impairment charge.

All subsidiary undertakings are wholly owned and all shares consist of ordinary shares only. All subsidiary undertakings operate in the United Kingdom and are registered in England and Wales, with the exception of Icon Communication Centres s.r.o., which is registered in the Czech Republic, and Utilitywise Deutschland GmbH, which is registered in Germany. For further information on subsidiary undertakings, refer to note 16 of the consolidated financial statements.

7. Debtors

	2016 £	2015 £
Amounts falling due within one year		
Trade debtors	4,140,016	3,107,631
Prepayments and accrued income	11,908,625	9,060,960
Amounts owed by subsidiaries	2,761,929	2,856,631
Deferred tax (note 11)	22,540	875,680
	18,833,110	15,900,902
Amounts falling due after more than one year		
Prepayments and accrued income	29,632,375	22,977,894
	29,632,375	22,977,894

NOTES TO THE COMPANY FINANCIAL STATEMENTS CONTINUED

for the year ended 31 July 2016

8. Creditors: amounts falling due within one year

	2016 £	2015 £
Trade creditors	1,624,560	1,889,044
Social security and other taxes	5,918,119	4,261,208
Accruals and deferred income	11,084,974	6,468,571
Amounts owed to subsidiaries	11,205,014	9,837,290
Other creditors	103,403	145,543
	29,936,070	22,601,656

9. Creditors: amounts falling due after more than one year

	2016 £	2015 £
Accruals and deferred income	3,982,673	9,371,412
Other creditors	16,440	21,231
Revolving credit facility	13,175,000	13,175,000
	17,174,113	22,567,643

The revolving credit facility is secured by a floating charge over the Group's freehold property.

Included within accruals in the prior year was £5,740,318 (net of discounting) in relation to contingent consideration for the acquisition of t-mac Technologies Limited. This has been released to the income statement during the year. There is no contingent consideration recognised in 2016.

10. Obligations under leases

Operating lease commitments

The Company leases a number of vehicles and some computer equipment, as well as its property. The total value of non-cancellable operating lease rentals is due as follows:

	2016 £	2015 £
Expiring:		
Not later than one year	1,074,623	993,870
Later than one year and not later than five years	4,225,704	3,076,565
Later than five years	9,997,487	11,391,417
	15,297,814	15,461,852

11. Provision for liabilities

	2016 £	2015 £
Onerous lease	126,460	471,775
Dilapidations	400,000	400,000
	526,460	871,775

11. Provision for liabilities *continued*

	Deferred tax (see note 7) £	Dilapidations £	Onerous lease £
As at 1 August 2015	(875,680)	400,000	517,071
Charged to profit and loss account	853,140	—	—
Adjustment in respect of previous year	—	—	—
Utilised in the year	—	—	(390,611)
As at 31 July 2016	(22,540)	400,000	126,460

The deferred tax has arisen due to the timing difference on accelerated capital allowances.

During the next financial year the old premises will continue to no longer be occupied but the lease is payable until December 2016. Given that the premises will remain empty throughout the remainder of the lease, the full value of remaining lease payments has been recognised during 2014 under FRS 12 as an onerous lease provision.

In the prior financial year a dilapidations provision of £400,000 has also been recognised on the premises in line with the terms of the lease.

12. Share capital

Allotted and issued

	2016 £	2015 £
78,080,963 ordinary shares of £0.001 each	78,081	76,593

See note 23 to the consolidated financial statements for details of the movements in called-up share capital.

13. Share based payments

The Company operates an equity-settled LTIP remuneration scheme for Directors and certain management. The only vesting condition attached to the options (with the exception of LTIP Scheme 7) is that the individual must remain an employee of the Company for a minimum period. The Company also operates a number of CSOP and SAYE schemes.

LTIP scheme 7 includes non-market based performance criteria.

For further information on these share based payments see note 28 of the consolidated financial statements.

14. Transactions with Directors

Individual details of the Directors' remuneration, share options and pension benefits can be found in the Directors' Report.

During the year payments totalling £nil (2015: £60,000) were made for services received from R Feigen and this was invoiced through Hub Capital Partners Limited, of which R Feigen is a director. This has been disclosed within Directors' emoluments. The balance outstanding as at 31 July 2016 was £nil (2015: £nil).

During the year payments totalling £30,000 (2015: £30,000) were made for services received from J Middleton and this was invoiced through Middleton Enterprises Limited, of which J Middleton is a director. This has been disclosed within Directors' emoluments. The balance outstanding as at 31 July 2016 was £3,000 (2015: £2,500).

NOTES TO THE COMPANY FINANCIAL STATEMENTS CONTINUED

for the year ended 31 July 2016

15. Related party transactions

Related party transactions are disclosed in note 27 to the consolidated financial statements. There were no other transactions with related parties during the year.

16. First time adoption of FRS 101 Reduced Disclosure Framework

This is the first time that the Company has adopted FRS 101, having previously applied applicable UK accounting standards.

The date of transition to FRS 101 was 1 August 2014.

In applying FRS 101 for the first time the Company has made the following elections:

- to retain the carrying amounts of property, plant and equipment at the previous carrying amounts under applicable UK accounting standards;
- to retain the carrying amounts of intangible assets at their previous carrying amounts under applicable UK accounting standards; and
- not to restate any business combinations that occurred before the date of transition to FRS 101.

Effect of first time adoption of FRS 101 Reduced Disclosure Framework having previously applied applicable UK accounting standards

The following tables summarise the effects on the Company's equity and total comprehensive income of applying FRS 101 for the first time.

Reconciliation of equity at 1 August 2014		£
Shareholders' funds as reported previously in accordance with applicable UK accounting standards		29,838,169
<i>Transition adjustments</i>		
1) Accrued revenue discounting and unwinding		(753,468)
2) Deferred consideration discounting		—
3) Commission accrual discounting		210,463
4) Lease discounting		50,075
5) Deferred tax (including share option reserve)		693,275
Shareholders' funds as reported in accordance with FRS 101		30,038,514
Reconciliation of equity at 31 July 2015		£
Shareholders' funds as reported previously in accordance with applicable UK accounting standards		42,250,902
<i>Transition adjustments</i>		
1) Accrued revenue discounting and unwinding		(2,067,296)
2) Deferred consideration discounting		(40,879)
3) Commission accrual discounting		214,564
4) Lease discounting		45,296
5) Deferred tax (including share option reserve)		731,696
Shareholders' funds as reported in accordance with FRS 101		41,134,283
Balance sheet reconciliation as at 1 August 2014		£
		30,038,514

16. First time adoption of FRS 101 Reduced Disclosure Framework continued**Effect of first time adoption of FRS 101 Reduced Disclosure Framework having previously applied applicable UK accounting standards continued**

Reconciliation of total comprehensive income for the year ended 31 July 2015

£

Profit for the year as previously in accordance with applicable UK accounting standards	10,911,954
<i>Transition adjustments</i>	
1) Accrued revenue discounting and unwinding	(1,313,828)
2) Deferred consideration discounting	(40,879)
3) Commission accrual discounting	4,100
4) Lease discounting	(4,779)
5) Deferred tax (including share option reserve)	285,467
Profit for the year as reported in accordance with FRS 101	9,842,035
<i>Other movements in reserves</i>	
Dividends paid	(3,365,287)
Tax on equity items	24,870
Share option expense	695,291
Share option deferred tax	(247,045)
Additions to share capital	2,079
Additions to share premium	395,609
Additions to merger reserve	3,748,217
Net other movements in reserves	1,253,734
Shareholders' funds as reported in accordance with FRS 101	41,134,283

Financial statements

The adjustments arising on transition from applicable UK accounting standards to FRS 101 for the first time are explained as follows:

1) Accrued revenue discounting and unwinding

In accordance with applicable UK accounting standards accrued revenue was recognised in full with no requirement to make fair value adjustments. In accordance with FRS 101 (by virtue of IAS 39 Financial Instruments: Recognition and Measurement) accrued revenue balances have been adjusted to their fair value.

2) Deferred consideration discounting

In accordance with applicable UK accounting standards deferred consideration was recognised in full with no requirement to make fair value adjustments. In accordance with FRS 101 (by virtue of IAS 37 Provisions, Contingent Liabilities and Contingent Assets) deferred consideration has been adjusted to its fair value.

3) Commission accrual discounting

In accordance with applicable UK accounting standards commission accruals were recognised in full with no requirement to make fair value adjustments. In accordance with FRS 101 (by virtue of IAS 37 Provisions, Contingent Liabilities and Contingent Assets) commission accruals have been adjusted to their fair value.

NOTES TO THE COMPANY FINANCIAL STATEMENTS CONTINUED

for the year ended 31 July 2016

16. First time adoption of FRS 101 Reduced Disclosure Framework *continued*

Effect of first time adoption of FRS 101 Reduced Disclosure Framework having previously applied applicable UK accounting standards *continued*

4) Lease discounting

In accordance with applicable UK accounting standards lease incentives were recognised in profit or loss on a straight line basis over the shorter of the term of the lease and a period up to when the prevailing market rental would become payable under the contractual terms of the lease. In accordance with FRS 101 (by virtue of SIC 15 Operating Leases – Incentives) lease incentives are recognised in profit or loss on a straight line basis over the term of the lease. Due to the duration of the lease incentive and in accordance with FRS 101 (by virtue of IAS 37 Provisions, Contingent Liabilities and Contingent Assets) it has been adjusted to its fair value, a requirement that was not necessary in accordance with previous applicable UK accounting standards.

5) Deferred tax

Under applicable UK accounting standards, the Company did not provide for any deferred tax on fair value adjustments. In accordance with FRS 101 (by virtue of IAS 12 Income Taxes) the Company is required to include a deferred tax asset or liability on all fair value adjustments.

COMPANY INFORMATION

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B Flattery
G Thompson
J Kempster
R B Sheridan
R Feigen
P Hailes
T Maxfield
J Middleton

Secretary

J Kempster

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Registered number

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