

**UTILITYWISE PLC**

**CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 JULY 2014**



**Company Registration Number 05849580**

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## **Company Information**

### **Directors**

G Thompson

G A Thompson  
A Richardson  
R Feigen  
P Hailes  
T Maxfield  
M Dent  
J Kempster  
J Middleton

### **Secretary**

A Richardson

### **Registered office and principal place of business**

Utilitywise House  
3 & 4 Cobalt Park Way  
Cobalt Business Park  
North Tyneside  
NE28 9EJ

### **Registered number**

05849580

### **Statutory auditors**

BDO LLP  
1 Bridgewater Place  
Water Lane  
Leeds  
LS11 5RU

### **Bankers**

National Westminster Bank Plc  
40 King Street  
South Shields  
Tyne and Wear  
NE33 1HF

### **Nominated advisor and broker**

finnCap Ltd  
60 New Broad Street  
London  
EC2M 1JJ

### **Financial advisor**

Hub Capital Partners Ltd  
80 Coleman Street  
London  
EC2R 5BJ

## Strategic Report

### Chairman's Statement

I am delighted to report another year of strong performance and excellent operational progress. Revenue increased by 93% in the year to £48.6 million, delivering EBITDA of £14.2 million and Adjusted Profit Before Tax of £13.1 million, increases of 82% and 76% respectively. As a result of the acquisitions made over the past two years and the increasing scope of the Group's business, Utilitywise has been re-organised into two divisions, Enterprise and Corporate. . The former concentrates on the provision of our energy procurement services to the SME market, whilst the latter's focus is on the larger, industrial and commercial ("I&C") segment as well as the provision of utility management services. I am pleased that both have performed well throughout the year. Icon Communication Centres s.r.o was also acquired in April in order to facilitate international expansion and in particular into certain European markets.

During the year the Company welcomed both Jeremy Middleton and Jon Kempster to the Board of Directors, with Jon having now taken on an executive role following his initial appointment as a Non-Executive Director.

As a result of the new divisional structure and to provide the support necessary for further growth, the Company is taking the opportunity to restructure the PLC Board and to create an Operational Board to handle the day to day operations of the Company.

As a result of these changes Andrew Richardson has taken on an enhanced role as Deputy Chief Executive and Jon Kempster has become Chief Financial Officer, a role he previously held at Wincanton Plc. Adam Thompson and Michael Dent will both step down from the PLC Board but assume roles as Managing Director of Utilitywise Enterprise and Sales Director respectively on a newly formed Operational Board and will be joined by Claire Waterson, Group Director of People and HR; Ashley Guise, Managing Director of Utilitywise Corporate; and Nigel Hudson, Marketing Director. The Operational Board will be chaired by Geoff Thompson, Chief Executive.

As well as providing the best balance for the business, these changes will ensure the Company is committed to maintaining a high standard of corporate governance, a duty the Board continues to take very seriously.

Utilitywise will shortly be moving into its new head office at Cobalt Business Park, North Tyneside, which will enable us to grow Group headcount to 1,400 in the next two years to drive further organic growth.

Given the dynamic and ever changing environment in which we operate, I believe that the increasing diversity of our offering and the strategic decisions taken to further broaden our products and services auger well for the future. We are well placed to take advantage of opportunities as well as face any challenges which may present themselves as we continue to grow.

With the continued strong performance the Board is pleased to recommend a final dividend payment of 2.7p per share, making a total of 4.0p for the year, and continues to view the future with confidence.

I would like to thank all of the staff for their continued hard work. It is as a result of their strenuous efforts that Utilitywise continues to thrive and prosper.



**Richard Feigen**

## **Our Strategy**

Utilitywise was established to assist the SME market to procure 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 conducive 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.

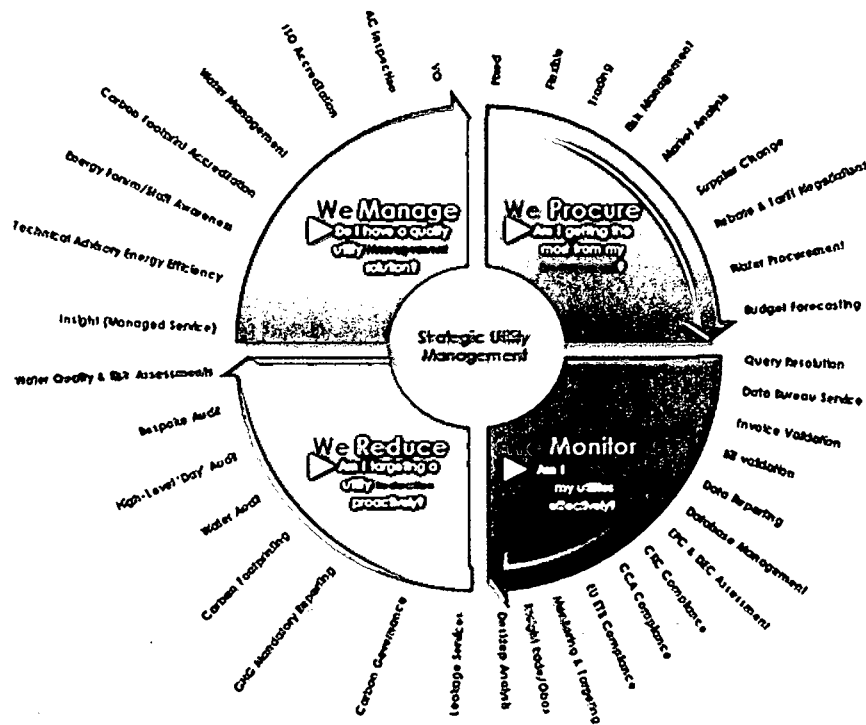
The strategy of the Group has been reinforced via acquisitions which brought in more capabilities and expertise including the procurement of utilities for I&C customers, the ability to monitor water consumption via our O box product and an audit and compliance capability. These acquisitions typically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

Our strategy is to provide a comprehensive utility solution to all sizes of customer. We can procure their energy, we can monitor and report their usage, identify efficiency savings and project manage the solutions in order to realise identified savings.

## **Business Model**

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 most recently 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.

The business model has developed throughout this financial reporting period to include a range of service elements as depicted below:



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

- 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. We are pleased to have secured the British Chamber of Commerce as an important addition to this channel.
- The company also employs 'field based' energy consultants who target organisations that cannot be effectively reached via the core telemarketing channel.
- Additionally, the company has now grown its business development team who 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 described in the 'proposition wheel' above.

The Group has continued to develop in all of these areas and has re-organised to ensure the Groups products and services are presented to target customers in the most efficient way. As a result the Group is now organised into two divisions, Enterprise and Corporate.

The Enterprise Division services SME and mid-market customers.

Following integration of all three newly acquired businesses namely Clouds Environmental Consultancy Limited, Aqua Veritas Consulting Limited and Energy Information Centre Limited (EIC), the Corporate Division has been created to service the larger I&C customers.

These structural changes reflect the Directors comments at the end of 2013 when we stated "there will be more focus on providing both energy procurement and energy management services to the full customer portfolio in the future and the Directors expect to provide further analysis of the activities in the next reporting period as the reporting systems are updated and the Group develops".

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, means that there is an opportunity to increase the Company's market share through organic growth and acquisitions.

In addition to the Company's aim to grow 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 some of 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 now planned to increase to over 700 by 2016.

**(2) Acquisition**

The group continues to evaluate acquisitions which will add to the overall proposition, including acquisitions in the controls and demand management sectors;

**(3) European expansion**

Recent trials have proven successful. A clear market opportunity exists and the acquisition of Icon Communication Centres s.r.o was announced at our half year results marking the start of the group's expansion of its model into other geographies.

## Business Review

The Group has developed in all areas of its operations and delivered a 62% increase in like for like revenue growth (adjusted for acquired businesses), largely driven by increased headcount in line with our stated strategy.

## Financial Highlights

	2014	2013	
	(£000's)	(£000's)	% change
Revenue	48,641	25,256	+93
Gross profit	22,056	12,137	+82
EBITDA*	14,161	7,817	+81
Profit before tax**	13,059	7,411	+76
Diluted earnings per share <sup>#</sup>	13.4p	8.5p	+58
Total dividend for the year	4.0p	2.6p	+54

*\*Excluding share based payment expenses of £0.7m (2013: £0.2m), exceptional items relating to acquisition costs of £0.1m, (2013: £0.8m), restructuring and reorganisation costs of £1.9m (2013: £nil) and exceptional credit of £2m (2013: £nil) relating to the release of contingent consideration.*

*\*\* As above, but excluding amortisation relating to acquired intangibles of £0.9m (2013: £0.2m)*

*<sup>#</sup> As above, but including the tax impact of the above adjustments*

Adjusted EBITDA is defined as profit from operations plus depreciation, amortisation, share based payments and exceptional items. Exceptional items relate to costs associated with the acquisition of Icon Communication Centres s.r.o, restructure and reorganisation costs and the release of contingent consideration where the earn out criteria was not met.

## Key Performance Indicators

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

KPI	2014	2013	% change
Energy consultants at 31 July	363	281	+29
Contracts secured	37,824	27,794	+36
Future secured revenue*	£28.2 million	£16.6 million	+70

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

The Group has performed well against its key performance objectives with the continued investment in new energy consultants throughout this and prior periods driving a 36% increase in contracts secured for 2014 at 37,824. This increase in secured contracts in turn has driven up the secured revenue pipeline to £28.2 million, an increase of 70% on 2013. This is a very positive metric as it represents visible revenue streams secured by the group but not yet recognised in the financial statements.

These results demonstrate the momentum we have established, as we continue to grow headcount to support organic growth and successfully integrate our recent acquisitions, but more fundamentally



continue to show the strength of our proposition, the hard work of our people and most importantly the value we add to our customers.

Revenue generated in 2014 at £48.6 million represents an increase of 93% on the year ended 2013 and a like for like comparison, adjusting for acquired businesses, results in an increase of 62%. The value of contracts going live in the period, a core driver of revenue, at £42.6 million is 65% higher than 2013. Energy consultant head count in the Enterprise Division continues to increase through the year to a total of 363 (an increase of 82 or 29%), a statistic that underpins the £40.1 million revenue generated by the Enterprise Division in 2014 (an increase of 68% on 2013). The Corporate Division servicing larger customers on a more consultative basis continues to perform well and represents 18% of Group revenue.

Gross margin has stabilised at 45.3% for the year against 48.1% for 2013 reflecting a first half margin of 43.1% where a majority of the energy consultancy recruitment took place and a second half margin of 47.5% reflecting the maturity of these recruits.

### **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 2014. As at our IPO in June 2012 we had over 10,000 contracted customers and this grew to over 15,333 customers and over 44,361 meters by July 2013, incorporating EIC customers and meters. On a like for like basis this now stands at 20,826 customers and 63,451 meters as at the year end.

This has been principally driven by the increased energy consultant headcount to 363 at 31 July 2014, up from 281 at the previous year end. 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. The success of this approach can be further seen through the level of contracts waiting to go live, one of our key forward looking metrics, which was £28.2 million at 31 July 2014, compared with £16.6 million at the prior year end.

### **Proprietary Systems and Solutions**

Investment has continued in the Group's IT systems and processes to support further growth and this has included the development of Quantum, our core CRM solution. In addition the Group has developed the system to support our presence in the French and German markets.

Our acquisitions have allowed us to invest further in Energy Services with improvements to our Edd:e sub-metering solution that is now fully integrated to our multi-utility reporting platform – Utility Insight.

During the year under review Utilitywise added Icon Communication Centres s.r.o to the Group which supports our stated strategy to develop our business model in certain European markets

### **Acquisitions**

The Directors are pleased to report that each of the previously acquired businesses is integrating well, as part of the newly formed Corporate Division, with revenues of £8.6m, 860 customers and 19,258 meters. The division's strength lies within the large enterprise, industrial and commercial market, complementing Utilitywise's leading position in the SME market. As a result, Utilitywise has a much broader offering and expertise in providing the right products for any company's wider energy needs, be they large or small. We have also increased our geographical reach, with locations in Portsmouth, Redditch and Bury St Edmunds as well as our Head Office in North Tyneside, enabling us to service clients in any part of the UK more easily.

The Group remains alert to further opportunities in this highly fragmented market which could bring additional products, services or expertise to our existing capability. In particular the Group continues to seek opportunities in the controls and demand management space.

The Board of Directors has a strong expertise in M&A activity and our Chairman in particular will continue to work closely with the Executive team to assess the viability of potential targets and the benefits that they could bring to the Group.

### **Principal risks and uncertainties**

The principle risks and uncertainties faced by the group are as follows:

#### **Exposure to energy 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 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 ensures that it is in constant dialogue and has trading with all of the major energy suppliers to help mitigate this risk.

#### **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 or fail to pay the energy supplier. Should this occur, the Group would suffer a loss in future revenues related to the commissions associated with the future energy consumption by 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 and there is limited individual customer concentration in revenue terms.

#### **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 continue to develop and offer a full range of energy services products to help mitigate customer risk.

#### **Legislation**

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 its financial condition and operating results of the Group.

#### **Regulatory**

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. However, it should be noted that the Board believe that the Group operates in line with best market practice, including the provisions of the OFGEM retail market review, and in their view any such regulation would initially impact on the smaller energy consultancy and brokering businesses.

Risks relating to financial instruments are disclosed in note 3 in the notes to the financial statements.

Approved by the Board of Directors and signed on behalf of the Board on 28 October 2014.

A handwritten signature in black ink, appearing to read 'A Richardson', with a stylized, cursive script.

Andrew Richardson  
Company secretary

## Directors' Report

The directors submit their annual report on the affairs of the Group together with the financial statements and Auditors report for the year ended 31 July 2014.

## Results and dividends

The consolidated income statement is set out on page 21 and shows a before tax profit of £11,367,963 for the period

The Board is proposing a final dividend of 2.7p per share subject to the approval of the shareholders at the Annual General Meeting. The dividend per share will be paid on 18 December 2014 to shareholders on the register at close of business on 14 November 2014. The associated ex-dividend date is 13 November 2014.

## Principle Activity

The principal activity of the Group in the year under review was that of an intermediary for energy supplies to the commercial market.

## 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	22 January 2008
G A Thompson	Chief Operating Officer	1 October 2006
A Richardson	Chief Financial Officer	3 November 2009
M Dent	Sales and Marketing Director	9 October 2012
S Butterfield	Group Energy Service Director	3 July 2013
P Hailes	Non-executive Director	10 May 2012
T Maxfield	Non-executive Director	10 May 2012
J Kempster	Non-executive Director	15 October 2013
J Middleton	Non-executive Director	15 October 2013

Simon Butterfield resigned as a Director on 6 March 2014.

## Substantial shareholdings

On the 29 of July 2014, being the latest practicable date prior to the publication of this document, the Group had been notified, in accordance with sections 791 to 828 of the Companies Act of the following interest in the ordinary share capital of the Group.

Name of holder	Number	%
Woodford Investment Management	10,209,532	13.71%
River and Mercantile Asset Management	6,788,064	9.91%
Invesco Perpetual	4,763,413	6.40%
Investec Asset Management	3,686,462	4.95%
Old Mutual Global Investors	3,239,859	4.35%
JP Morgan Asset Management	3,127,761	4.20%
Hargreave Hale	2,966,500	3.98%
Standard Life Investments	2,416,470	3.24%
Legal and General Group PLC	2,766,667	3.85%

For Directors' substantial shareholdings 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 and pension contributions.

## Directors' emoluments

	Fees/ basic salary £	Pension contribution £	Benefits in kind £	2014 total £	2013 total £
<b>Executive</b>					
G Thompson	188,500	24,000	791	213,291	228,600
G A Thompson	206,000	24,000	623	230,623	228,771
A Richardson	206,000	24,000	1,179	231,179	228,646
M Dent	216,979	13,440	11,226	241,645	130,886
S Butterfield	-	-	-	-	15,183
<b>Non Executive</b>					
R Feigen	85,833	-	-	85,833	40,000
P Hailes	30,000	-	-	30,000	30,000
T Maxfield	30,000	-	-	30,000	30,000
J Kempster	26,500	-	-	26,500	-
J Middleton	22,500	-	-	22,500	-

**Total**

**1,111,571**

**932,086**

J Kempster appointed 15 October 2013.

J Middleton appointed 15 October 2013.

### **Directors' interests**

The Directors who held office at the 31 July 2014 had the following interests in shares of the Company:

	<b>Ordinary shares</b>	
	<b>£.001p each</b> 2014	<b>£.001p each</b> 2013
<b>Executive</b>		
G Thompson	8,188,101	13,468,101
G A Thompson	2,419,068	3,764,544
A Richardson	1,013,171	1,590,075
M Dent	500,000	
J Kempster	21,000	-
<b>Non Executive</b>		
R Feigen	66,667	66,667
P Hailes	33,334	33,334
T Maxfield	66,668	66,668
J Middleton	1,793,956	-
<b>Total</b>	<b>14,101,965</b>	<b>18,989,389</b>

### 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. Details of options for Directors who served during the year are as follows:

Options that were held during the year are summarised below:

	Type	Number of shares under option	Exercise price	Date of grant	Earliest date exercisable
<b>Executive</b>					
G A Thompson	Unapproved	687,500	60p	12/06/2012	12/06/2014
A Richardson	Unapproved	687,500	60p	12/06/2012	12/06/2014
<b>Non Executive</b>					
R Feigen		62,500	60p	12/06/2012	12/06/2014
T Maxfield		31,250	60p	12/06/2012	12/06/2014

Options that were exercised during the year are summarised below:

	Number of shares exercised	Exercise price
<b>Executive</b>		
G A Thompson	625,000	60p
A Richardson	625,000	60p
<b>Non Executive</b>		
R Feigen	62,500	60p

The share price at 31 July 2014 was 290.25p.

Details of the share options granted by the Company are given in note 29.

## **Directors' responsibilities**

The directors are responsible for preparing the director's 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 with the Company financial statements being prepared in accordance with UK Generally Accepted Accounting Principles. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period. The directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market.

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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company and 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.

## **Website publication**

The directors are responsible for ensuring 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.

## **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 have expressed their 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 28 October 2014.

A handwritten signature in black ink, appearing to read 'A Richardson', written in a cursive style.

Andrew Richardson  
Company secretary

## **Corporate governance statement**

The Board recognises its responsibility for the proper management of the Company and is committed to maintaining a high standard of corporate governance. The Directors recognise the importance of sound corporate governance commensurate with the size and nature of the Company and the interests of its Shareholders. The Corporate Governance Code does not apply to companies admitted to trading on AIM and there is no formal alternative for AIM companies.

The Quoted Companies Alliance has published a corporate governance code for small and mid-sized quoted companies, which includes a standard of minimum best practice for AIM companies, and recommendations for reporting corporate governance matters (the "QCA Code"). The Directors intend to comply with the QCA Code, to the extent they consider it appropriate and having regard to the size and resources of the Company.

## **Board effectiveness**

The board comprises the non-executive Chairman, three other non-executive directors and five executive directors.

There is clear separation of the roles of Chairman and Chief Executive Officer to ensure and appropriate balance of power and authority.

- Providing entrepreneurial leadership of the Company within the framework of prudent and effective controls which enable risks to be assessed and managed,
- Setting the Company's strategic aims, objectives, strategy and policies, and ensuring that the necessary financial and human resources are in place for the Company to meet its objectives,
- Reviewing management performance,
- Setting the Company's values and standards and ensuring that the Company's obligations to its shareholders and others are understood and met,
- Approving substantial transactions, contracts and commitments,
- Reviewing the performance of the Company,
- Undertaking risk assessment, and
- Scrutinising and approving senior appointments to the management team.

The key procedures which exist to provide effective internal control are as follows

- Holding regular Board, Audit and Remuneration Committee meetings
- Clear limits to authority,
- Annual revenue and cash flow forecasts,
- Review of monthly management accounts,
- Financial controls and procedures, and

- Review of risks and internal controls.

Executive directors are responsible for the implementation of strategy and policies and for the day to day decision making and administration of the Company.

The non –executive directors bring additional experience and knowledge and are independent of management. This provides a balance whereby an individual or small group cannot dominate the Board's decision making.

## **Board Committees**

### **Audit committee**

During the year the Audit Committee comprised of Paul Hailes (Chair), Richard Feigen and Tom Maxfield. Meetings are also attended, by invitation, by the Chief Financial Officer. The Audit Committee is responsible for monitoring the quality of internal controls and ensuring that the financial performance of the Group is properly managed and reported on. It receives and reviews reports from the Group's management and external auditors relating to the interim and annual accounts and the accounting and internal control systems in use throughout the Group. The Audit Committee meets at least twice in each financial year and has unrestricted access to the Group's external auditors.

### **Remuneration Committee**

During the year the Remuneration Committee comprised of Paul Hailes (Chair) and Tom Maxfield. The remuneration Committee reviews the performance of the Executive Directors and makes recommendations to the Board on matters relating to their remuneration and terms of service. The Remuneration Committee also makes recommendations to the Board on proposals for the granting of share options and other equity incentives pursuant to any employee share option scheme or equity incentive plans in operation from time to time. The Remuneration Committee meets at least annually. In exercising this role, the Directors have regard to the recommendations put forward by the QCA Guidelines and, where appropriate, the Corporate Governance Code guidelines.

### **Nomination Committee**

During the year the Nomination Committee consisted of Tom Maxfield (Chair), Paul Hailes and Richard Feigen. The Nomination Committee considers the selection and re-appointment of Directors. It identifies and nominates candidates to fill Board vacancies and reviews regularly the structure, size and composition (including skills, knowledge and experience) of the Board and makes recommendations to the Board with regard to changes.

### **Relationship with shareholders**

The Group 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 Chairman of the Audit and Remuneration Committee will be available at the Annual General Meeting to answer any shareholder questions.

Notice of the Annual General Meeting will be issued in due course.

## **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 2014 which comprise the consolidated statement of total comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity, consolidated cash flow statement, the company statement of financial position 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 auditors**

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](http://www.frc.org.uk/auditscopeukprivate).

### **Opinion on financial statements**

In our opinion:

- the financial statements give a true and fair view of the state of the group's and the parent company's affairs as at 31 July 2014 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.

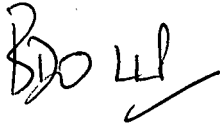
### **Opinion on other matters prescribed by the Companies Act 2006**

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

Date: 28 October 2014

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

**Utilitywise Plc**
**Consolidated statement of total comprehensive income**

		12 months ended 31 July 2014	12 months ended 31 July 2013
	Note	£	£
<b>Revenue</b>	5	48,641,855	25,256,142
Cost of sales		26,585,832	13,119,386
<b>Gross profit</b>		<b>22,056,023</b>	<b>12,136,756</b>
Other operating income		327,647	142,739
Exceptional contingent consideration release	8	2,000,000	-
<b>Total operating income</b>		<b>2,327,647</b>	<b>142,739</b>
Other administrative expenses		10,621,221	5,194,916
Exceptional administrative expenses	8	2,021,790	826,935
<b>Total administrative expenses</b>		<b>12,643,011</b>	<b>6,021,851</b>
Profit from operations before exceptional items		11,762,449	7,084,579
Exceptional items	8	(21,790)	(826,935)
<b>Profit from operations</b>		<b>11,740,659</b>	<b>6,257,644</b>
Finance income	9	103,697	41,296
Finance expense	9	476,393	83,521
<b>Profit before tax</b>		<b>11,367,963</b>	<b>6,215,419</b>
Tax expense	10	2,101,925	1,457,213
<b>Profit for the year attributable to equity holders of the parent company</b>		<b>9,266,038</b>	<b>4,758,206</b>
Other comprehensive income / (expense) (net of tax)		(77,308)	-
<b>Total comprehensive income attributable to equity holders of the</b>		<b>9,188,730</b>	<b>4,758,206</b>

parent company

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**Earnings per share for profit  
attributable to the owners of the  
parent during the year**

Basic	11	0.127	0.075
Diluted	11	0.121	0.071

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The notes on pages 28 to 69 form part of these financial statements.

**Utilitywise Plc**  
**Consolidated statement of financial position**

		As at 31 July 2014	As at 31 July 2013 Restated
	Note	£	£
<b>Non-current assets</b>			
Property, plant and equipment	13	4,837,532	4,795,670
Goodwill	14	14,851,149	14,281,743
Intangible assets	15	7,075,202	6,943,854
Accrued revenue	18	13,068,221	7,269,680
<b>Total non-current assets</b>		<b>39,832,104</b>	<b>33,290,947</b>
<b>Current assets</b>			
Inventories	17	97,983	80,825
Trade and other receivables	18	14,717,485	8,554,629
Cash and cash equivalents		15,823,137	9,014,680
<b>Total current assets</b>		<b>30,638,605</b>	<b>17,650,134</b>
<b>Total assets</b>		<b>70,470,709</b>	<b>50,941,081</b>
<b>Current liabilities</b>			
Trade and other payables	19	17,564,007	12,644,484
Loans and borrowings	20	-	1,252
Corporation tax liability		303,200	1,357,362
Current provisions	22	750,639	-
<b>Total current liabilities</b>		<b>18,617,846</b>	<b>14,003,098</b>
<b>Non-current liabilities</b>			
Trade and other payables	19	7,918,457	4,669,308
Loans and other borrowings	20	6,000,000	5,000,000
Deferred tax liability	21	1,132,642	1,958,117
Non-current provision	22	443,256	-
<b>Total non-current liabilities</b>		<b>15,494,355</b>	<b>11,627,425</b>
<b>Total liabilities</b>		<b>34,112,201</b>	<b>25,630,523</b>
<b>Net assets</b>		<b>36,358,508</b>	<b>25,310,558</b>



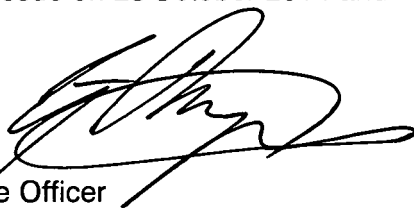
# Utilitywise Plc

## Consolidated statement of financial position (*continued*)

		As at 31 July 2014	As at 31 July 2013
	Note	£	£
<b>Equity attributable to equity holders of the company</b>			
Called up share capital	23	74,514	71,858
Share premium		12,477,889	10,864,765
Merger reserve		5,783,427	5,684,693
Share option reserve		1,231,434	228,916
Foreign currency reserve		(77,308)	-
Retained earnings		16,868,552	8,460,326
<b>Total equity</b>		<b>36,358,508</b>	<b>25,310,558</b>

The financial statements on pages 22 to 69 were approved by the Board of Directors and authorised for issue on 28 October 2014 and were signed on their behalf by:

G Thompson  
Chief Executive Officer



The notes on pages 28 to 69 form part of these financial statements.

**Utilitywise Plc**  
**Consolidated statement of changes in equity**

	Share capital £	Share premium £	Share option reserve £	Merger reserve £	Retained earnings £	Foreign currency reserve £	Total £
At 1 August 2012	61,426	6,187,598	20,952	-	4,814,894	-	11,084,870
Profit for the period	-	-	-	-	4,758,206	-	4,758,206
Other comprehensive income	-	-	-	-	-	-	-
<b>Total comprehensive income for the year</b>	-	-	-	-	<b>4,758,206</b>	-	<b>4,758,206</b>
Dividends paid	-	-	-	-	(1,112,770)	-	(1,112,770)
Share option expense	-	-	207,964	-	-	-	207,964
Issue of shares	10,432	4,995,000	-	5,684,693	-	-	10,690,125
Share issue costs	-	(317,833)	-	-	-	-	(317,833)
<b>Equity as at 31 July 2013</b>	<b>71,858</b>	<b>10,864,765</b>	<b>228,916</b>	<b>5,684,693</b>	<b>8,460,326</b>	-	<b>25,310,558</b>
Profit for the period	-	-	-	-	9,266,038	-	9,266,038
Other comprehensive income	-	-	-	-	-	(77,308)	(77,308)
<b>Total comprehensive income for the year</b>	-	-	-	-	<b>9,266,038</b>	<b>(77,308)</b>	<b>9,188,730</b>
Dividends paid	-	-	-	-	(2,158,341)	-	(2,158,341)
Share option expense	-	-	737,117	-	-	-	737,117
Deferred tax on share options	-	-	617,249	-	-	-	617,249
Tax on equity items	-	-	-	-	948,681	-	948,681
Issue of shares	2,656	1,613,124	-	98,734	-	-	1,714,514
Reserve transfer relating to share based payments	-	-	(351,848)	-	351,848	-	-
<b>Equity as at 31 July 2014</b>	<b>74,514</b>	<b>12,477,889</b>	<b>1,231,434</b>	<b>5,783,427</b>	<b>16,868,552</b>	<b>(77,308)</b>	<b>36,358,508</b>

The notes on pages 28 to 69 form part of these financial statements

**Utilitywise Plc**  
**Consolidated cash flow statement**

	<b>12 months ended 31 July 2014</b>	<b>12 months ended 31 July 2013</b>
	<b>£</b>	<b>£</b>
<b>Operating activities</b>		
Profit before tax	11,367,963	6,215,419
Finance income	(103,697)	(41,296)
Finance expense	476,393	83,521
Depreciation of property, plant and equipment	715,256	332,911
Share option expense	737,117	207,964
Grant income	(36,000)	(36,000)
Amortisation of intangible fixed assets	946,391	191,406
	<b>14,103,423</b>	<b>6,953,925</b>
(Increase)/Decrease in trade and other receivables	(11,961,397)	(11,209,146)
(Increase)/Decrease in inventories	(17,158)	17,796
Increase/(Decrease) in trade and other payables	8,296,666	7,142,642
Increase/(Decrease) in provisions	1,193,895	-
	<b>(2,487,994)</b>	<b>(4,048,708)</b>
<b>Cash generated from operations</b>	<b>11,615,429</b>	<b>2,905,217</b>
Income taxes paid	(1,910,373)	(1,206,853)
<b>Net cash flows from operating activities</b>	<b>9,705,056</b>	<b>1,698,364</b>
<b>Investing activities</b>		
Purchase of property, plant and equipment	(630,583)	(467,063)
Purchase of intangibles	(42,313)	(57,557)
Consideration paid	(192,500)	-
Finance income	12,603	41,296
Acquisition of subsidiary, net of cash acquired	(599,688)	(8,997,012)
<b>Net cash used in investing activities</b>	<b>(1,452,481)</b>	<b>(9,480,336)</b>
<b>Financing activities</b>		
Issue of shares	200,000	5,000,000
Share issue costs	-	(317,833)
Loans repaid	(1,252)	(24)
Loans received	1,000,000	5,000,000
Finance expense	(476,393)	(220)
Dividends paid	(2,158,341)	(1,112,770)
<b>Net cash raised from financing activities</b>	<b>(1,435,986)</b>	<b>8,569,153</b>
Net increase in cash and cash equivalents	6,816,589	787,181
Exchange losses on cash and cash equivalents	(8,132)	-
Cash and cash equivalents at beginning of period	9,014,680	8,227,499
<b>Cash and cash equivalents at end of period</b>	<b>15,823,137</b>	<b>9,014,680</b>

The notes on pages 28 to 69 form part of these financial statements

**Utilitywise Plc**  
**Notes to the consolidated financial statements**

**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 UK Generally Accepted Accounting Practice. These are presented on page 70.

Utilitywise Plc is incorporated and domiciled in the United Kingdom.

***Prior period adjustment***

During the preparation of the current year financial statements management has considered the loss of the Initial Recognition Exemption on the property acquired as part of the acquisition of Energy Information Centre Limited. This has resulted in the tax base of this property reducing to £nil. A deferred tax liability of £584,651 should have been recognised, with a corresponding increase in goodwill. Management consider it appropriate to reflect this as a prior period adjustment to the financial position and results of 2013. There is no impact on actual cash flows or net assets. Further narrative has been provided in note 14 of the financial statements.

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

***Basis of consolidation***

The consolidated financial statements present the results of the company and its subsidiaries as if they formed a single entity. Intra-group transactions including sales, profits, receivables and payables, have been eliminated on the group consolidation.

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Utilitywise Plc acquired the entire share capital of Icon Communication Centres s.r.o during the year in order to enhance the service offering provided by the group. Results of this company have been consolidated from the date of acquisition as this is considered to be the date at which control of the company was acquired.

***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. 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 at the date the contract goes live, an adjustment is made to revenue once the actual data is known.

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 between the energy supplier and the end customer which can be for a period of up to three years. Accrued revenues relate to commissions earned, not yet invoiced or paid and are discounted at an appropriate rate.

Revenue also consists of sales of energy management products to business customers and contracts for on-going services. Energy management product revenue is recognised as soon as the work has been completed. In respect of contracts for on-going services, revenue represents the value of work done in the year. Revenue in respect of contracts for on-going consultancy services is recognised as it becomes unconditionally due to the group as services are delivered and is measured by reference to stage of completion as determined by cost profile.

### ***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.

### ***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 statement of 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 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 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.

Development expenditure not satisfying the above criteria and expenditure on the research phase of internal projects are recognised in the consolidated statement of 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:

<b>Intangible asset</b>	<b>Useful economic life</b>	<b>Valuation method</b>
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

The subsequent measurement basis of the intangible asset is amortised cost. The amortisation expense is recognised within administrative expenses in the consolidated statement of 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 the 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% on cost
Fixtures and fittings	-	25% on cost
Motor vehicles	-	33% on cost
Computer equipment	-	33% on cost
Computer software	-	25% on cost

During the year depreciation policies of subsidiary companies were aligned with those of the parent, effective from their respective dates of acquisition.

### ***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 income statement, except to the extent they reverse previous gains recognised in the consolidated statement of comprehensive income. An impairment loss recognised for goodwill is not reversed.

### ***Financial assets***

The Group classifies its financial assets into the categories, discussed below, due 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 statement of comprehensive income.

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

Cash and cash equivalents include cash held at bank and bank overdrafts. Bank overdrafts are shown within loans and borrowings in current liabilities in the consolidated statement of financial position.

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.

- 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 between the statement of 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 are not transferred to the Group (an 'operating lease'), the total rentals payable under the lease are charged to the consolidated statement of 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.

### ***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 or 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 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 combined statement of 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, Chief Operating Officer and Chief Financial Officer. The Group reports to the Board under both UK GAAP and IFRS. Underlying accounting information is prepared under UK GAAP and the adjustments noted within this report taking results to IFRS are made for the purpose of reporting to the Board and external reporting.

During the current 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 have taken the decision to report separately on these operating segments. These distinct operating segments have arisen from a restructure in the current year of previously acquired businesses. Given the reorganisation in the year the Board have undertaken to restate the corresponding items of the segment information, see note 4.

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 CODM. The segment operating profit or loss is used to measure performance. Revenues in note 4 represent revenues to external customers.

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,

Republic of Ireland and certain European markets. The Corporate Division derives its revenues from energy procurement of larger industrial and commercial customers, providing an account care service and offering a variety of utility management products and services designed to assist 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 revenues, 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 indicates that the variability is circa 15%. The fair value estimate is to be reassessed on an ongoing basis to ensure it remains appropriate. Should the assumptions on which commission income is calculated vary by 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 £420,606.

Management has estimated the future cash flows from revenue and applied a 3% discount rate to reflect the risk associated with the cashflows. 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 £130,454.

#### **(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 no impairment has been identified. More details including carrying values are included in note 14.

#### **(c) Other intangible assets**

As set 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.

(d) Share based payments

The Group 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.

(e) Contingent consideration

The Group has estimated contingent consideration in relation to the acquisition of Icon Communication Centres s.r.o totalling £985,386. The amount of contingent consideration has been fair valued at the date of acquisition. When valuing the contingent consideration payable on acquisitions the Group has considered various factors including the expected performance to the end of the earnout period, as earnout values are based on an EBITDA multiple. The maximum amount of contingent cash payable is £897,145 with the remaining consideration satisfied by shares. Should actual EBITDA performance be different than estimated EBITDA performance then fair value of contingent consideration may vary. Once established, fair value is considered at each period end based on a review of current performance. Any changes in fair value will flow through the statement of comprehensive income.

(f) Property, plant and equipment

Property, plant and equipment is depreciated over the useful lives of the assets. Useful lives are based on the 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 judgement. Future events could cause the assumptions to change, therefore this could have an adverse effect on the future results of the Group.

(g) Determination of cash generating units

In determining cash generating units (CGUs) we have considered sales mechanisms, operating mechanisms and delivery mechanisms, and it is not possible to separate cash generating units which prevents identification of individual separable income streams. 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 which have not resulted in any significant impact on the results or net assets of the Group:

Disclosures – Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7) (effective 1 January 2013)

Presentation of Items of Other Comprehensive Income (Amendments to IAS 1)

IFRS 13 Fair Value Measurement (effective 1 January 2013)

Deferred Tax: Recovery of Underlying Assets (Amendments to IAS12) (effective 1 January 2013)

Government Loans (Amendments to IFRS 1) (effective 1 January 2013)

IAS 19 Employee Benefits (effective 1 January 2013)

Annual Improvements to IFRSs (2009–2011 Cycle)

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

Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance (Amendments to IFRS 10, IFRS 11 and IFRS 12) (effective 1 January 2014)

IFRS 11 Joint Arrangements (effective 1 January 2014)

IFRS 10 Consolidated Financial Statements (effective 1 January 2014)

IFRS 12 Disclosure of Interests in Other Entities (effective 1 January 2014)

IAS 27 Separate Financial Statements (effective 1 January 2014)

IAS 28 Investments in Associates and Joint Ventures (effective 1 January 2014)

Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32) (effective 1 January 2014)

Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27) (effective 1 January 2014)

Recoverable amounts disclosures for non-financial assets (Amendments to IAS 36) (effective 1 January 2014)

Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39) (effective 1 January 2014)

The following new and amended IFRS, IAS and IFRIC interpretations are mandatory for future accounting periods and are not expected at this stage to be relevant to the Group or have any anticipated significant impact on the results or net assets of the Group:

IFRS 14 Regulatory Deferral Accounts (effective 1 January 2016)

IFRIC 21 Levies (effective 17 June 2014)

The following IFRS, IAS and IFRIC interpretations, which are potentially relevant to the Group, are not currently endorsed for use in the EU but are expected to be mandatory for future accounting periods:

IFRS 9 Financial instruments (effective 1 January 2018)

Defined Benefit Plans: Employee Contributions (Amendments to IAS 19) (effective 1 July 2014)

Annual Improvements to IFRSs (2010–2012 Cycle) (effective 1 July 2014)

Annual Improvements to IFRSs (2011–2013 Cycle) (effective 1 July 2014)

### **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
- 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
- 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 2014 and 31 July 2013.

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 charged to the consolidated statement of 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 2014 the Group has trade receivables and accrued revenues of £26,330,305 (2013: £15,189,256).

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 £15,823,137 which at 31 July 2014 was 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 3 months.

The Directors are unaware of any factors affecting the recoverability of outstanding balances at 31 July 2014 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.

The Board receives rolling 12 month cash flow projections on a monthly basis as well as information regarding cash balances. At the balance sheet date the Group has cash balances of £15,823,137 (2013: £9,014,680) and the financial forecasts indicated that the Group expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances.

The Group has drawn down on an existing revolving credit facility with Royal Bank of Scotland during the financial year in order to finance the acquisition of a subsidiary company.

#### ***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 £36,358,508, as at 31 July 2014 (2013: £25,310,558).

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

	12 months ended 31 July 2014 £	12 months ended 31 July 2013 £
<b>Revenue</b>		
Enterprise (local GAAP)	40,064,832	23,902,261
Corporate (local GAAP)	9,859,510	2,783,173
Intersegment revenue	(1,252,367)	(1,181,096)
Accrued revenue	390,627	-
Discounting of cash flows	(420,747)	(248,196)
<b>Total Group revenue</b>	<b>48,641,855</b>	<b>25,256,142</b>

	Enterprise £	Corporate £
<b>Segment profit</b>	7,094,711	2,146,573
Finance income	9,738	2,865
Finance expense	(476,214)	(179)
Depreciation	(312,740)	(402,516)
Amortisation	(8,876)	(6,300)
<b>Profit before tax (local GAAP)</b>	<b>6,306,619</b>	<b>1,740,443</b>

	12 months ended 31 July 2014 £	12 months ended 31 July 2013 £
<b>Profit before tax</b>		
Enterprise (local GAAP)	6,306,619	5,784,521
Corporate (local GAAP)	1,740,443	1,503,431
Accrued revenue	390,627	-
Grant release	36,000	36,000
Discounting of cash flows net of unwinding	(69,117)	(749,573)
Amortisation	999,891	160,538
Investment costs	(36,500)	(519,498)
Exceptional release of contingent consideration	2,000,000	-
<b>Total Group profit before tax</b>	<b>11,367,963</b>	<b>6,215,419</b>

	12 months ended 31 July 2014 £	12 months ended 31 July 2013 £
<b>Net assets</b>		
Enterprise (local GAAP)	29,808,399	24,393,737
Corporate (local GAAP)	2,469,364	1,164,500
Accrued revenue and tax impact	312,502	-
Grant release and tax impact	(24,638)	(66,790)
Discounting of cash flows and tax impact	(394,342)	(339,053)
Share options	617,249	-
Amortisation	2,113,728	677,662
Investment costs	(555,998)	(519,498)
Exceptional release of contingent consideration	2,000,000	-
Business combinations	12,244	-
<b>Group net assets</b>	<b>36,358,508</b>	<b>25,310,558</b>

## 5. Revenue

	12 months ended 31 July 2014 £	12 months ended 31 July 2013 £
<b>Analysis of concentration of customers comprising revenues of more than 10%:</b>		
Customer 1	17,291,227	4,558,216
Customer 2	7,350,935	3,859,520
Customer 3	-	3,740,411
Other	23,999,693	13,097,995
	<b>48,641,855</b>	<b>25,256,142</b>

The Enterprise Division receives the revenue from both customers representing more than 10% of group revenue.

Revenues relate to the rendering of services.

## 6. Profit from operations

The operating profit is stated after charging:

	12 months ended 31 July 2014	12 months ended 31 July 2013 Restated
	£	£
Release of government grants	36,000	36,000
Inventories recognised as an expense	63,640	51,139
Staff costs	27,670,909	13,977,270
Share option expense	737,117	207,964
Depreciation	715,256	332,911
Amortisation	946,391	191,406
Lease payments	895,337	678,485
Auditor's remuneration:		
<i>Audit fees</i>	61,900	57,500
Audit of the parent company and consolidated financial statements	32,650	31,500
Audit of subsidiary companies	29,250	25,000
<i>Other services</i>		
Tax compliance	8,100	6,000
Tax advisory	55,200	96,050
Interim review	4,000	4,000

In the prior year the lease payments disclosure of £168,166 was incorrect, as this did not include rental payments on leased premises. This has been corrected above to include rental payments of £510,319.

## 7. Staff costs

	12 months ended 31 July 2014	12 months ended 31 July 2013
	£	£
Wages and salaries	24,987,670	12,601,394
Social security costs	2,474,780	1,261,301
Other pension costs	208,459	114,575
	<u>27,670,909</u>	<u>13,977,270</u>

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

	12 months ended 31 July 2014	12 months ended 31 July 2013
Directors	7	8
Staff	<u>738</u>	<u>444</u>
	<u>745</u>	<u>452</u>

### Group directors remuneration, included in staff costs

	£	£
Salaries	1,026,131	851,845
Pension contributions	<u>85,440</u>	<u>75,640</u>

The salary cost for directors in 2013 has been amended to reflect only the remuneration received by directors of Utilitywise Plc.

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

<b>Money purchase schemes</b>	<u>4</u>	<u>4</u>
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Information regarding the highest paid director is as follows:

	12 months ended 31 July 2014	12 months ended 31 July 2013
	£	£
Salaries	216,979	206,000
Pension contributions	<u>13,440</u>	<u>22,600</u>

Gain made by directors on share options exercised during the year

	<u>3,018,750</u>	-
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## 8. Exceptional items

	12 months ended 31 July 2014	12 months ended 31 July 2013
	£	£
<b>Exceptional release</b>		
Contingent consideration	2,000,000	-
<b>Exceptional costs</b>		
Restructuring and reorganisation	782,795	-
Provisions	1,193,895	-
Acquisition costs and aborted acquisition costs	45,100	826,935
	2,021,790	826,935
	21,790	826,935

Exceptional items in the year ended 31 July 2014 relate to the costs incurred in the acquisition of Icon Communication Centres s.r.o and other aborted acquisition costs. Also included are restructuring and reorganisation costs such as settlement payments of £469k, costs of £167k incurred in the set up of a new Head Office which will be occupied in the next financial year, as well as a dilapidations provision and an onerous lease provision for the current premises of £422k and £772k respectively.

There is also a credit of £2m offsetting these costs which has arisen from the release of deferred consideration where earn out criteria were not met. Exceptional items are included in administrative expenses and other operating income in the income statement.

Exceptional items in the year ended 31 July 2013 related to the costs incurred in the acquisitions of Clouds Environmental Consultancy Limited, Aqua Veritas Consulting Limited and Energy Information Centre Limited and other aborted acquisitions. Costs associated with share issues were taken to the share premium account. Please see the Consolidated Statement of Changes in Equity.

## 9. Finance income and expenses

	12 months ended 31 July 2014	12 months ended 31 July 2013
	£	£
<b>Finance income</b>		
Bank interest	12,603	41,296
Unwinding of discounting	91,094	-
	<u>103,697</u>	<u>41,296</u>
<b>Finance expense</b>		
Bank interest	-	157
Other interest	476,393	83,364
	<u>476,393</u>	<u>83,521</u>

## 10. Tax expense

	12 months ended 31 July 2014	12 months ended 31 July 2013
	£	£
<b>Current tax expense</b>		
Current tax on profits for the period	2,569,906	1,617,704
Adjustments in respect of previous periods	(67,920)	-
	<u>2,501,986</u>	<u>1,617,704</u>
<b>Deferred tax expense</b>		
Origination and reversal of temporary differences	(349,793)	(61,274)
Adjustment in respect of previous periods	(50,268)	(108,905)
Effects of change on tax rates	-	9,688
	<u>(400,061)</u>	<u>(160,491)</u>
<b>Total tax expense</b>	<u>2,101,925</u>	<u>1,457,213</u>
<b>Equity items</b>		
Origination and reversal of temporary differences	(948,681)	(160,491)
Adjustment in respect of previous periods	(617,249)	-
	<u>(1,565,930)</u>	<u>(160,491)</u>

## 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 as follows:

	12 months ended 31 July 2014	12 months ended 31 July 2013
	£	£
Profit for the period	11,367,963	6,215,419
Expected tax charge based on corporation tax rate of 22.33% in 2014 (23.67% in 2013)	2,538,638	1,471,190
Expenses not deductible for tax purposes	82,073	75,306
Income not taxable for tax purposes	(446,630)	-
Current tax rate difference	(534)	(414)
Impact of change in tax rate in period	40,429	9,688
Adjustment to tax charge in respect of previous periods – current tax	(67,920)	-
Adjustment to tax charge in respect of previous periods – deferred tax	(50,268)	(108,905)
Deferred tax not recognized	6,137	10,348
Total tax expense	<b>2,101,925</b>	<b>1,457,213</b>

## 11. Earnings per share

	12 months ended 31 July 2014	12 months ended 31 July 2013
	£	£
<b>Profit</b>		
Profit used in calculating basic and diluted profit	9,188,730	4,758,206
<b>Number of shares</b>		
Weighted average number of shares for the purpose of basic earnings per share	72,464,331	63,220,550
Effects of:		
Employee share options and warrants	2,593,870	3,109,573
Contingent shares to be issued	1,096,414	315,315
Weighted average number of shares for the purpose of diluted earnings per share	76,154,615	66,645,438

## 12. Dividends

	12 months ended 31 July 2014	12 months ended 31 July 2013
	£	£
Dividends paid	<b>2,158,341</b>	<b>1,112,770</b>

In the year a final dividend in relation to the year ended 31 July 2013 of 1.8p was paid on 72,444,700 shares. An interim dividend in relation to the year ended 31 July 2014 of 1.3p per share was paid on 72,444,700 shares, being the number of shares in issue on the date the dividend was declared.

A final dividend in relation to the year ended 31 July 2014 of 2.7p is proposed on 74,514,151 shares, being the number of shares in issues at the balance sheet date, totaling £2,011,882



### 13. Property, plant and equipment

	Improvements to property £	Freehold property £	Computer Software £	Fixtures and Fittings £	Plant and Machinery £	Computer Equipment £	Motor Vehicles £	Totals £
<b>COST</b>								
At 1 August 2012	199,778	-	260,294	235,363	60,848	391,935	-	1,148,218
Additions	75,925	-	151,392	9,736	13,970	216,040	-	467,063
Additions on acquisition	178,978	3,308,488	-	920	-	161,789	223,154	3,873,329
At 31 July 2013	454,681	3,308,488	411,686	246,019	74,818	769,764	223,154	5,488,610
<b>DEPRECIATION</b>								
At 1 August 2012	22,705	-	94,678	83,384	3,830	155,432	-	360,029
Charge for period	71,184	7,524	62,614	56,604	8,796	119,552	6,637	332,911
At 31 July 2013	93,889	7,524	157,292	139,988	12,626	274,984	6,637	692,940
<b>NET BOOK VALUE</b>								
As at 31 July 2012	177,073	-	165,616	151,979	57,018	236,503	-	788,189
<b>NET BOOK VALUE</b>								
At 31 July 2013	360,792	3,300,964	254,394	106,031	62,192	494,780	216,517	4,795,670

	Improvements to property	Freehold property	Computer Software	Fixtures and Fittings	Plant and Machinery	Computer Equipment	Motor Vehicles	Totals
	£	£	£	£	£	£	£	£
<b>COST</b>								
At 1 August 2013	454,681	3,308,488	411,686	246,019	74,818	769,764	223,154	5,488,610
Additions	252,110	-	46,077	27,312	-	286,216	18,868	630,583
Additions on acquisition	-	-	-	-	-	23,348	-	23,348
Disposals	-	-	-	-	-	-	(32,845)	(32,845)
Reclassification	-	-	130,955	-	-	-	-	130,955
At 31 July 2014	706,791	3,308,488	588,718	273,331	74,818	1,079,328	209,177	6,240,651
<b>DEPRECIATION</b>								
At 1 August 2013	93,889	7,524	157,292	139,988	12,626	274,984	6,637	692,940
Charge for period	85,750	61,222	84,355	57,590	9,059	363,786	53,494	715,256
Disposals	-	-	-	-	-	-	(5,077)	(5,077)
At 31 July 2014	179,639	68,746	241,647	197,578	21,685	638,770	55,054	1,403,119
<b>NET BOOK VALUE</b>								
At 31 July 2014	527,152	3,239,742	347,071	75,753	53,133	440,558	154,123	4,837,532

## 14. Goodwill

	As at 31 July 2014	As at 31 July 2013 Restated
	£	£
<b>COST</b>		
Opening balance	14,281,743	2,356,960
Additions	569,406	11,924,783
Closing balance	<b>14,851,149</b>	<b>14,281,743</b>

The Group has two cash generating units being the Enterprise Division incorporating Utilitywise, and the Corporate Division incorporating Eco Monitoring Utility Systems, Clouds Environmental Consultancy, Aqua Veritas Consulting and Energy Information Centre. The additions to goodwill in the period ended 31 July 2014, arising on the acquisition of Icon Communication Centres s.r.o, have been allocated to the cash generating unit (CGU) of the Enterprise Division as Icon Communication Centres s.r.o offers a contact delivery centre service, in line with the offerings of the Enterprise Division.

In the previous year the group had five cash generating units (CGUs), with each company in the group a CGU. Management now believe there to be two distinct operating segments and CGUs within the group; the Enterprise Division and Corporate Division, and therefore has reported on these two Divisions in the current year. Goodwill arising from each Division has been collated and presented above.

During the year there has been a significant restructure and relocation of previously acquired businesses. This has led to the offering of the separate companies being combined to form one single offering of the Corporate Division, where revenues and costs can no longer be separated.

Given the proximity of the acquisition of Icon Communication Centres s.r.o to the year end date the carrying value of goodwill associated with the Enterprise Division CGU is considered free from impairment at the year end.

The valuation of the Corporate CGU for 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 pre tax cash flows plus a terminal value of the cash generating unit. A pre-tax discount rate is applied to calculate the net present value of pre - tax cash flows. The discount rate is based on the division's weighted average cost of capital.

#### 14. Goodwill (*continued*)

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

<u>Valuation basis</u>	<u>Value in use</u>
Key assumptions	Sales growth Profit margins Discount rates
Determination of forecasts assumptions	Growth rates are based on management estimates and based on internal and external market information. 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	12.5%
Terminal growth rate	3%

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

The carrying amount of goodwill is allocated to the cash generating units (CGUs) as follows:

	As at 31 July 2014	As at 31 July 2013 Restated
	£	£
Enterprise Division	569,406	-
Corporate Division	14,281,743	14,281,743
	<hr/> 14,851,149	<hr/> 14,281,743

In the prior year the above balance did not account for the loss of the Initial Recognition Exemption (IRE) on the property acquired as part of the acquisition of Energy Information Centre Limited. This reduced the tax base of this property to £nil. As a result a deferred tax liability of £584,651 should have been recognised, with a resulting increase in goodwill. This has been reviewed by management in the current year and as such appropriate adjustments have been made to the 2013 results. This has had no effect on the net assets or the reported performance of the group.

## 15. Intangible assets

	Software £	Trademarks £	Technology based £	Customer relationships £	Totals £
<b>COST</b>					
As at 1 August 2012	71,641	20,513	-	-	92,154
Additions on acquisition	-	108,025	241,000	6,682,000	7,031,025
Additions	-	57,557	-	-	57,557
As at 31 July 2013	<b>71,641</b>	<b>186,095</b>	<b>241,000</b>	<b>6,682,000</b>	<b>7,180,736</b>
<b>DEPRECIATION</b>					
As at 1 August 2012	44,355	1,121	-	-	45,476
Charge for period	27,286	3,582	17,572	142,966	191,406
As at 31 July 2013	<b>71,641</b>	<b>4,703</b>	<b>17,572</b>	<b>142,966</b>	<b>236,882</b>
<b>NET BOOK VALUE</b>					
As at 31 July 2012	<b>27,286</b>	<b>19,392</b>	-	-	<b>46,678</b>
<b>NET BOOK VALUE</b>					
As at 31 July 2013	-	<b>181,392</b>	<b>223,428</b>	<b>6,539,034</b>	<b>6,943,854</b>

	Software £	Trademarks £	Technology based £	Customer relationships £	Non compete agreement £	Totals £
<b>COST</b>						
As at 1 August 2013	71,641	186,095	241,000	6,682,000	-	7,180,736
Additions on acquisition	5,381	-	-	1,133,000	28,000	1,166,381
Additions	-	42,313	-	-	-	42,313
Reclassification	-	(130,955)	-	-	-	(130,955)
As at 31 July 2014	<b>77,022</b>	<b>97,453</b>	<b>241,000</b>	<b>7,815,000</b>	<b>28,000</b>	<b>8,258,475</b>
<b>DEPRECIATION</b>						
As at 1 August 2013	71,641	4,703	17,572	142,966	-	236,882
Charge for period	1,600	13,576	60,252	868,630	2,333	946,391
As at 31 July 2014	<b>73,241</b>	<b>18,279</b>	<b>77,824</b>	<b>1,011,596</b>	<b>2,333</b>	<b>1,183,273</b>
<b>NET BOOK VALUE</b>						
As at 31 July 2014	<b>3,781</b>	<b>79,174</b>	<b>163,176</b>	<b>6,803,404</b>	<b>25,667</b>	<b>7,075,202</b>

## **15. Intangible assets (*continued*)**

Technology based intangible assets arose on the acquisition of Aqua Veritas Consulting Limited in 2013. Under IFRS 3 the fair value of these technology based assets has been assessed at £241,000 as at the date of acquisition. The carrying value of these assets at 31 July 2014 is £163,176. Management assess the remaining useful life of these assets to be 3 years. It is the opinion of management that these assets are not impaired at 31 July 2014.

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

The carrying value of the customer relationships within Aqua Veritas Consulting Limited at the year end is £156,895. Management assess the remaining useful life of these relationships to be one year.

The carrying value of the customer relationships within Energy Information Centre Limited at the year end is £5,537,113. Management assess the remaining useful life of these relationships to be nine years.

The carrying value of the customer relationships within Icon Communication Centres s.r.o at the year end is £1,109,396. Management assess the remaining useful life of these relationships to be eight 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	Ownership
		As at 31 July 2014	As at 31 July 2013
Eco Monitoring Utility Systems Limited (Incorporated – United Kingdom)	Design and implementation of energy services solutions	100%	100%
EcoAuditors Limited (Incorporated – United Kingdom)	Dormant	100%	100%
EcoAuditors Licensing 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)	Provider of contact centre services	100%	-

## 17. Inventories

	As at 31 July 2014 £	As at 31 July 2013 £
Finished goods	<u>97,983</u>	<u>80,825</u>

## 18. Trade and other receivables

	As at 31 July 2014 £	As at 31 July 2013 £
<b>Current</b>		
Trade receivables	4,117,128	3,757,211
Prepayments	1,455,401	635,053
Accrued revenue	<u>9,144,956</u>	<u>4,162,365</u>
	<b>14,717,485</b>	<b>8,554,629</b>
<b>Non current</b>		
Accrued revenue	<u>13,068,221</u>	<u>7,269,680</u>
	<b>13,068,221</b>	<b>7,269,680</b>

The ageing analysis of trade receivables is as follows:

	As at 31 July 2014 £	As at 31 July 2013 £
Up to 3 months	2,731,833	3,264,411
3 to 6 months	517,845	468,243
Older than 6 months	<u>867,450</u>	<u>24,557</u>
	<b>4,117,128</b>	<b>3,757,211</b>

Within trade and other receivables no material balances are past the due date at the year end (2013: £Nil). The quality of the credit is identified as high due to the significant amount of the 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 3%.



## 19. Trade and other payables

	As at 31 July 2014 £	As at 31 July 2013 £
<b>Current</b>		
Trade payables	1,513,910	1,589,976
Accruals	5,309,628	1,668,305
Deferred revenue	2,502,689	2,672,323
Contingent consideration	985,386	2,385,000
Deferred consideration	-	1,148,529
Social security and other taxes	6,607,152	3,045,196
Directors loan account	138,938	21,575
Deferred government grant	30,790	36,000
Other creditors	475,514	77,580
	<b>17,564,007</b>	<b>12,644,484</b>
<b>Non current</b>		
	£	£
Accruals and deferred revenue	7,918,457	4,638,518
Government grants	-	30,790
	<b>7,918,457</b>	<b>4,669,308</b>

The table below summarises the maturity profile of the Group's financial liabilities as at 31 July 2014, based on contractual undiscounted payments.

	Less than three months £	Three to twelve months £	One to five years £	Over five years £	Total £
<b>31 July 2014</b>					
Trade payables	1,513,910	-	-	-	1,513,910
Accruals	2,961,725	356,673	568,923	1,422,307	5,309,628
Contingent consideration	-	985,386	-	-	985,386
Directors loan account	138,938	-	-	-	138,938
Other creditors	464,323	-	11,191	-	475,514
Revolving credit facility	-	-	6,000,000	-	6,000,000

## 19. Trade and other payables (*continued*)

	Less than three months £	Three to twelve months £	One to five years £	Over five years £	Total £
<b>31 July 2013</b>					
Trade payables	1,589,976	-	-	-	1,589,976
Accruals	1,642,027	26,278	-	-	1,668,305
Contingent consideration	385,000	2,000,000	-	-	2,385,000
Deferred consideration	1,148,529	-	-	-	1,148,529
Directors loan account	-	21,575			21,575
Other creditors	66,367	-	11,213	-	77,580
Overdraft	1,252	-	-	-	1,252
Revolving credit facility	-	-	5,000,000	-	5,000,000

Included within accruals as at 31 July 2013 were amounts of £385,000 and £2,000,000 respectively, in relation to contingent consideration for the acquisitions of Clouds Environmental Consultancy Limited and Aqua Veritas Consulting Limited.

The ageing analysis of trade payables is as follows:

	As at 31 July 2014 £	As at 31 July 2013 £
Up to 3 months	1,125,022	1,128,904
3 to 6 months	347,413	500,726
Older than 6 months	41,475	(39,654)
	<u>1,513,910</u>	<u>1,589,976</u>

Older debit balances within trade payables in the prior year arise from payments made on account in advance of services provided.

Book values approximate to fair values at 31 July 2014 and 31 July 2013.

## 20. Loans and borrowings

	12 months ended 31 July 2014 £	12 months ended 31 July 2013 £
Overdraft	-	1,252
Revolving credit facility	6,000,000	5,000,000
<b>Total loans and borrowings</b>	<u><b>6,000,000</b></u>	<u><b>5,001,252</b></u>

Book values approximate to fair values at 31 July 2014 and 31 July 2013.

## 20. Loans and borrowings (*continued*)

During the previous financial year the Group entered into a revolving credit facility. The maximum drawdown on this facility is £9m. The Group has undrawn borrowing facilities available at 31 July 2014 of £3m. Interest is charged on the facility at a rate of LIBOR + 1.75%. The facility expires on 12 June 2017.

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

## 21. Deferred Tax

Deferred tax is calculated in full on temporary differences under the liability method using tax rate of 20% (19% for foreign subsidiaries).

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 £	Totals £
As at 1 August 2012	48,655	-	-	-	62,032	110,687
Arising on business combinations	-	-	-	1,384,600	-	1,384,600
Acquired on acquisition	38,666	-	-	-	-	38,666
Loss of IRE on property	584,651	-	-	-	-	584,651
Tax expense	18,408	-	-	(32,100)	(146,795)	(160,487)
As at 31 July 2013 restated	<b>690,380</b>	<b>-</b>	<b>-</b>	<b>1,352,500</b>	<b>(84,763)</b>	<b>1,958,117</b>
Arising on business combinations	-	-	-	220,590	-	220,590
Acquired on acquisition	(6,458)	-	(15,695)	-	(6,607)	(28,760)
Loss of IRE on property	(12,244)	-	-	-	-	(12,244)
Credit to equity	-	(617,249)	-	-	-	(617,249)
Tax expense	(4,409)	(122,837)	14,401	(185,986)	(88,981)	(387,812)
As at 31 July 2014	<b>667,269</b>	<b>(740,086)</b>	<b>(1,294)</b>	<b>1,387,104</b>	<b>(180,351)</b>	<b>1,132,642</b>

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.

Prior year figures have been restated to recognise a deferred tax liability on fair value adjustments arising on business combinations. See note 14 for further information.

## 22. Provisions

	Onerous Lease £	Dilapidations £	Total £
<b>At 1 August 2013</b>	-	-	-
Charge in the year	772,145	421,750	1,193,895
<b>At 31 July 2014</b>	<b>772,145</b>	<b>421,750</b>	<b>1,193,895</b>
Due in less than one year	328,889	421,750	750,639
Due in more than one year	443,256	-	443,256
	<b>772,145</b>	<b>421,750</b>	<b>1,193,895</b>

During the next financial year the current premises will no longer be occupied 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 have been recognised under IAS 37 as an onerous lease provision.

Under IFRS the provision has been discounted at 3%, with this discounting recognised within finance expenses. This is deemed an appropriate rate to reflect the risks specific to the liability within the Enterprise Division.

A dilapidations provision has also been recognised on the premises of £400,000 in line with the terms of the lease. The group will also depart a smaller office, for which a provision of £21,750 has been recognised.

## 23. Share capital

	2014		2013	
Share capital issued and fully paid	No.	£	No.	£
<i>Ordinary shares of £0.001 each</i>				
At 1 August	71,858,078	71,858	61,425,842	61,426
Warrants exercised	333,332	333	-	-
Deferred consideration	253,290	253	-	-
Consideration	30,701	31	5,432,236	5,432
Shares issued for cash	-	-	5,000,000	5,000
LTIPS exercised	2,038,750	2,039	-	-
At 31 July	<b>74,514,151</b>	<b>74,514</b>	<b>71,858,078</b>	<b>71,858</b>

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.

## 23. Share capital (*continued*)

On 15 August 2013 a further 166,666 shares were issued pursuant to the exercise of warrants over such shares, leading to additions of £167 to share capital and £99,833 to share premium.

On 15 November 2013 a further 253,290 shares were issued in part settlement of deferred consideration due on the acquisition of Clouds Environmental Consultancy Limited, as announced on 1 October 2013, leading to additions to share capital of £253 and additions to share premium of £192,247.

On 26 November 2013 a further 166,666 shares were issued pursuant to the exercise of warrants over such shares, leading to additions of £167 to share capital and £99,833 to share premium.

On 28 April 2014 a further 30,701 shares were issued at 321.7p per share for consideration in the investment in Icon Communication Centres s.r.o. The investment has been recognized at fair value in the consolidated financial statements which resulted in additions to merger reserve of £98,734 and additions to share capital of £31.

On 20 June 2014 a further 2,038,750 shares were issued pursuant to the exercise of options over such shares, leading to additions to share capital of £2,039 and additions to share premium of £1,221,211.

## 24. Reserves

Retained earnings are the cumulative net profits in the consolidated income statement less £49,900 capitalised from reserves in 2012.

During the current and prior year 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 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 as well as its property. The total value of minimum lease payments is due as follows:

	31 July 2014 £	31 July 2013 £
Not later than one year	771,899	567,613
Later than one year and not later than five years	2,280,711	1,844,168
Later than five years	12,763,455	1,297,958
	<b>15,816,065</b>	<b>3,709,739</b>

## 25. Leases (*continued*)

In 2012 the company moved premises. As part of the deal the company received an option to purchase the property in 2016 for £2,600,000, which will not be exercised as these premises will be exited in the next financial year.

The above value of minimum lease payments includes payments in relation to a new 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 capital commitments of £774,266 in relation to the fit out of new Head Offices.

## 27. Related party transactions

Compensation of key management personnel (including Directors):

	12 months ended 31 July 2014	12 months ended 31 July 2013
	£	£
Wages and salaries	2,032,164	1,459,137
Social security costs	220,570	169,408
Pension contributions	117,107	89,080
Share option expense	130,563	98,805
	<u>2,500,403</u>	<u>1,816,430</u>

During the year payments totalling £116,511 (2013: £99,303) were made for services received from Hub Capital Partners Limited, in which R Feigen is a Director. Hub Capital Partners Limited exercised warrants over 166,666 shares during the year, see note 23 for further information.

During the year payments totalling £22,500 (2013: £nil) were made for services received from Middleton Enterprises Limited, in which J Middleton is a Director.

During the year payments totalling £2,500 (2013: £1,209) were made to Grace House North East, in which T Maxfield is a Director.

During the year payments totalling £15,660 (2013: £nil) were made for services received from The Entrepreneurs Forum, in which G Thompson is a Director.

Key management personnel includes those people having authority and responsibility for planning, directing and controlling the activities of the entity.

**27. Related party transactions (continued)**

The following loans to/(from) directors existed during the periods ended 31 July 2014 and 31 July 2013.

	As at 31 July 2014 £	As at 31 July 2013 £
<b>G Thompson</b>		
Opening balance	(21,575)	(21,575)
Amounts advanced	-	-
Amounts repaid	24,575	-
Closing balance	<u>3,000</u>	<u>(21,575)</u>
<b>R Feigen</b>		
Opening balance	-	-
Amounts advanced	(141,938)	-
Amounts repaid	-	-
Closing balance	<u>(141,938)</u>	<u>-</u>

The loans are interest free and repayable on demand.

## 28. Acquisition of Icon Communication Centres s.r.o

Utilitywise Plc acquired the entire share capital of Icon Communication Centres s.r.o on 28 April 2014 for £1,981,294 in order to enhance the service offering provided by the Group.

Consideration consisted of both cash payments and the issue of shares, an element of which is contingent on the performance of Icon Communication Centres s.r.o to 31 December 2014. Contingent consideration has been included as a best estimate of amounts payable.

Goodwill on consolidation has been calculated as follows:

	£
Amount of consideration	1,981,294
Fair value of net assets acquired:	
Property, plant and equipment	23,348
Customer related intangible assets	1,161,000
Other intangibles	5,381
Receivables	517,905
Cash	297,457
Payables	(372,613)
Deferred tax liability	(220,590)
Net assets	<u>1,411,888</u>
Goodwill (note 14)	<u>569,406</u>
Consideration:	
Cash paid	897,145
Shares issued	98,765
Contingent consideration	<u>985,384</u>
Total consideration	<u>1,981,294</u>

The goodwill reflects expected synergies from combining the two businesses and is not tax deductible.

The total value of the contingent consideration is based on a multiple of expected EBITDA capped at £985,384. This is split between cash and shares. All of the contingent consideration is included in trade and other payables as it meets the definition of a financial liability. The share consideration is deemed a financial liability as it represents the settlement of a specific cash amount rather than a specific number of shares.

Since the date of acquisition Icon Communication Centres s.r.o has generated revenue of £866,825 and a loss before tax of £65,140 which is included in the consolidated statement of comprehensive income.



## 28. Acquisition of Icon Communication Centres s.r.o (continued)

Assuming Icon Communication Centres s.r.o was acquired at the beginning of the annual reporting period, group revenue would be £52,200,249 and profit before tax £10,885,967.

Included within receivables above are gross contractual amounts receivable of £436,589. These are expected to be collected in full.

## 29. Share based payments

The Group operates an equity settled LTIP remuneration scheme 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. The Group also issued warrants to third party companies during the prior period. LTIP options and warrants were issued on 12 June 2012.

The Group operates an equity settled Save As You Earn (SAYE) scheme for employees and an equity settled Company Share Option Plan (CSOP) remuneration scheme 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 and CSOP options were granted on 23 November 2012.

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

### LTIP scheme 1

	2014		2013	
	Number of share options	Weighted average exercise price	Number of share options	Weighted average exercise price
At 01 Aug	2,101,250	60p	2,126,250	60p
Forfeited during the year	12,500	60p	25,000	60p
Exercised during the year	2,038,750	60p	-	-
Outstanding at 31 July	50,000	60p	2,101,250	60p
Exercisable at 31 July	50,000	-	-	-

**LTIP scheme 2**

	<b>2014</b>		<b>2013</b>	
	<b>Number of share options</b>	<b>Weighted average exercise price</b>	<b>Number of share options</b>	<b>Weighted average exercise price</b>
At 01 Aug	-	-	-	-
Granted during the year	866,484	135p	-	-
Forfeited during the year	129,276	135p	-	-
Outstanding at 31 July	737,208	135p	-	-
Exercisable at 31 July	-	-	-	-

**SAYE scheme 1**

	<b>2014</b>		<b>2013</b>	
	<b>Number of share options</b>	<b>Weighted average exercise price</b>	<b>Number of share options</b>	<b>Weighted average exercise price</b>
At 01 Aug	746,090	67.6p	-	-
Granted during the year	-	-	746,090	67.6p
Forfeited during year	146,330	67.6p	-	-
Outstanding at 31 July	599,760	67.6p	746,090	67.6p
Exercisable at 31 July	-	-	-	-

**SAYE scheme 2**

	<b>2014</b>		<b>2013</b>	
	<b>Number of share options</b>	<b>Weighted average exercise price</b>	<b>Number of share options</b>	<b>Weighted average exercise price</b>
At 01 Aug	-	-	-	-
Granted during the year	470,419	160.4p	-	-
Forfeited during year	31,840	160.4p	-	-
Outstanding at 31 July	438,579	160.4p	-	-
Exercisable at 31 July	-	-	-	-

**CSOP scheme 1**

	<b>2014</b>		<b>2013</b>	
	<b>Number of share options</b>	<b>Weighted average exercise price</b>	<b>Number of share options</b>	<b>Weighted average exercise price</b>
At 01 Aug	1,072,058	85p	-	-
Granted during the year	-	-	1,072,058	85p
Forfeited during the year	127,941	85p	-	-
Outstanding at 31 July	944,117	85p	1,072,058	85p
Exercisable at 31 July	-	-	-	-

**CSOP scheme 2**

	2014		2013	
	Number of share options	Weighted average exercise price	Number of share options	Weighted average exercise price
At 01 Aug	-	-	-	-
Granted during the year	844,445	135p	-	-
Forfeited during year	88,888	135p	-	-
Outstanding at 31 July	755,557	135p	-	-
Exercisable at 31 July	-	-	-	-

**Warrants**

	2014		2013	
	Number of share options	Weighted average exercise price	Number of share options	Weighted average exercise price
At 01 Aug	333,332	60p	333,332	60p
Exercised during the year	333,332	-	-	-
Outstanding at 31 July	-	-	333,332	60p
Exercisable at 31 July	-	-	333,332	60p

The vesting period of the LTIP remuneration scheme is two years. The vesting period of the CSOP remuneration scheme and SAYE scheme is three years and the vesting period of the Warrants is one year.

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

## 29. Share based payments (*continued*)

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

	LTIP 1	LTIP2	SAYE 1	SAYE 2	CSOP 1	CSOP 2	Warrants
Risk free interest rate	0.37%	1.39%	0.64%	1.38%	0.83%	1.39%	0.26%
Expected volatility	37.0%	40.7%	39.0%	30.9%	41.6%	40.7%	33.0%
Expected option life (in years)	3	5	3.75	3.6	5	5	2
Weighted average share price (in pence)	60	135	89	240.5	85	135	60
Weighted average exercise price (in pence)	60	135	67.6	1,604	85	135	60
Weighted average fair value of options granted (in pence)	15	38	36	90	32	38	11

The share-based remuneration expense comprises:

	2014	2013
Equity settled – LTIP 1 & 2	336,988	107,200
Equity settled – SAYE 1 & 2	183,764	41,194
Equity settled – CSOP 1 & 2	200,810	40,634
Warrants	15,555	18,936
	<b>737,117</b>	<b>207,964</b>

**Utilitywise Plc**  
**Company balance sheet**

		<b>12 months ended</b>	<b>12 months ended</b>
		<b>31 July 2014</b>	<b>31 July 2013</b>
	Note	£	£
<b>Non-current assets</b>			
Tangible assets	4	999,950	736,600
Intangible assets	5	12,959	-
Fixed asset Investments	6	24,440,944	24,423,150
Debtors	7	14,793,951	11,149,283
<b>Total non-current assets</b>		<b>40,247,804</b>	<b>36,309,033</b>
<b>Current assets</b>			
Stock		73,438	80,825
Debtors	7	12,883,211	11,080,870
Cash at bank and in hand		13,837,556	5,270,856
<b>Total current assets</b>		<b>26,794,205</b>	<b>16,432,551</b>
<b>Creditors</b>			
Amounts falling due within one year		18,370,147	14,437,551
<b>Net current assets</b>		<b>8,424,059</b>	<b>1,995,000</b>
<b>Creditors</b>			
Amounts falling due after more than one year	9	14,855,138	13,001,614
<b>Provision for liabilities</b>	10	1,222,222	55,471
<b>Net assets</b>		<b>32,594,502</b>	<b>25,246,948</b>
<b>Equity attributable to equity holders of the company</b>			
Called up share capital	11	74,514	71,858
Share premium	12	12,477,889	10,864,765
Merger reserve	12	5,783,427	5,684,693
Share option reserve	12	614,185	228,916
Retained earnings	12	13,644,487	8,396,716
<b>Total equity</b>		<b>32,594,502</b>	<b>25,246,948</b>

The financial statements on pages 22 to 69 were approved by the Board of Directors and authorised for issue on 28 October 2014 and are signed on their behalf by:

G Thompson  
 Chief Executive Officer



**Utilitywise Plc**  
**Notes to the company financial statements**

**1. Accounting policies**

**Basis of accounting**

The financial statements have been prepared under UK Generally Accepted Accounting Practice using the historical cost convention.

**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. No further Enterprise 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 at the date the contract goes live, an adjustment is made to revenue once the actual data is known.

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 between the energy supplier and the end customer. Accrued revenues relate to commissions earned, not yet invoiced or paid.

**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 is deemed to be 10 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 had 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 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.

## **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. 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 £7,054,264 (2013: £4,517,428) which is dealt with in the financial statements of the parent company.

### 3. Staff costs

	12 months ended 31 July 2014	12 months ended 31 July 2013
	£	£
Wages and salaries	19,447,567	11,810,615
Social security costs	1,978,053	1,184,839
Other pension costs	121,388	108,011
Share option expense	543,129	207,964
	<u>22,090,137</u>	<u>13,311,429</u>

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

	12 months ended 31 July 2014	12 months ended 31 July 2013
Directors	7	6
Staff	603	408
	<u>610</u>	<u>414</u>

#### Directors remuneration, included in staff costs

	£	£
Salaries	1,026,131	851,845
Pension contributions	85,440	75,640
	<u></u>	<u></u>

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

#### Money purchase schemes

	4	4
	<u></u>	<u></u>

Information regarding the highest paid director is as follows:

	£	£
Salaries	216,979	206,000
Pension contributions	13,440	22,600
	<u></u>	<u></u>

#### 4. Tangible fixed assets

	Improvements to property £	Computer software £	Fixtures and Fittings £	Computer Equipment £	Motor Vehicles £	Totals £
<b>COST</b>						
At 1 August 2013	55,124	411,685	243,568	592,230	-	1,302,607
Additions	236,243	46,077	27,312	251,569	18,868	580,069
At 31 July 2014	291,367	457,762	270,880	843,799	18,868	1,882,676
<b>DEPRECIATION</b>						
At 1 August 2013	5,033	157,292	139,381	264,301	-	566,007
Charge for period	5,512	84,355	53,907	168,947	3,998	316,719
At 31 July 2014	10,545	241,647	193,288	433,248	3,998	882,726
<b>NET BOOK VALUE</b>						
At 31 July 2013	50,091	254,393	104,187	327,929	-	736,600
<b>NET BOOK VALUE</b>						
At 31 July 2014	280,822	216,115	77,592	410,551	14,870	999,950

#### 5. Intangible assets

	Trademarks £
<b>COST</b>	
As at 1 August 2013	-
Additions	15,645
As at 31 July 2014	15,645
<b>DEPRECIATION</b>	
As at 1 August 2013	-
Charge for period	2,686
As at 31 July 2014	2,686
<b>NET BOOK VALUE</b>	
As at 31 July 2014	12,959

## 6. Fixed asset investments

	Shares in subsidiaries
	£
<b>COST</b>	
As at 1 August 2013	24,423,150
Additions	2,017,794
Adjustment to cost	(2,000,000)
At 31 July 2014	<u>24,440,944</u>
<b>AMOUNTS WRITTEN OFF</b>	
At 1 August 2013	-
Charge for period	-
At 31 July 2014	<u>-</u>
<b>NET BOOK VALUE</b>	
At 31 July 2014	<b>24,440,944</b>

The additions in the year relate to the acquisition of Icon Communication Centres s.r.o. Further details regarding acquisitions are disclosed in note 28 to the consolidated financial statements.

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.

## 7. Debtors

	2014	2013
	£	£
Amounts falling due within one year		
Trade debtors	2,505,785	2,695,813
Prepayments and accrued income	9,760,100	8,385,057
Amounts owed by subsidiaries	471,981	-
Deferred tax (note 10)	145,345	-
	<u>12,883,211</u>	<u>11,080,870</u>
Amounts falling due after more than one year		
Amounts owed by subsidiaries	-	2,743,846
Prepayments and accrued income	14,793,951	8,405,437
	<u>14,793,951</u>	<u>11,149,283</u>

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

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Trade creditors	1,232,262	1,419,562
Social security and other taxes	5,653,210	3,082,000
Directors loan account	138,938	-
Accruals and deferred income	8,018,254	9,915,153
Amounts owed to subsidiaries	3,244,384	-
Other creditors	83,099	20,836
	<b>18,370,147</b>	<b>14,437,551</b>

Included within accruals in the current year is £985,384 in relation to contingent consideration for the acquisition of Icon Communication Centres s.r.o. Included within accruals in the prior year were amounts of £385,000 and £2,000,000 respectively, in relation to contingent consideration for the acquisitions of Clouds Environmental Consultancy Limited and Aqua Veritas Consulting Limited.

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

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Amounts owed to subsidiaries	-	281,294
Accruals and deferred income	8,855,138	7,720,320
Revolving credit facility	6,000,000	5,000,000
	<b>14,855,138</b>	<b>13,001,614</b>

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

## 10. Operating lease commitments

The following annual operating lease payments are committed to be paid:

	<b>Land and buildings</b>	
	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Expiring:		
Within one year	-	-
Between one and five years	328,889	246,687
In more than five years	1,265,713	-
	<b>1,594,602</b>	<b>246,687</b>

	<b>Other operating leases</b>	
	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Expiring:		
Within one year	73,061	52,816
Between one and five years	200,391	100,849
In more than five years	-	-
	<b>273,452</b>	<b>153,665</b>

## 11. Provision for liabilities

	2014 £	2013 £
Onerous lease	822,222	-
Dilapidations	400,000	-
Deferred tax	-	55,471
	<u>1,222,222</u>	<u>55,471</u>

	Deferred tax (see note 6) £	Dilapidations £	Onerous lease £
Balance at 01 August 2013	55,471	-	-
Charged to profit and loss account	(200,816)	400,000	822,222
Utilised in year	-	-	-
Balance at 31 July 2014	<u>(145,345)</u>	<u>400,000</u>	<u>822,222</u>

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

During the next financial year the current premises will 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 have been recognised under FRS 12 as an onerous lease provision.

A dilapidations provision has also been recognised on the premises of £400,000 in line with the terms of the lease.

## 12. Share capital

### Allotted and issued:

	2014 £	2013 £
74,514,151 Ordinary shares of 0.01p each	<u>74,514</u>	<u>71,858</u>

See note 24 to the consolidated financial statements for details of the movements in called-up share capital.

### 13. Reserves

	<b>Retained earnings</b>	<b>Share premium account</b>	<b>Merger reserve</b>	<b>Share option reserve</b>
	£	£	£	£
Balance brought forward	8,396,716	10,864,765	5,684,693	228,916
Profit for the financial year	7,054,264	-	-	-
Dividends paid	(2,158,341)	-	-	-
Shares issued	-	1,613,124	98,734	-
Share option expense	-	-	-	737,117
Reserves transfer relating to share based payments	351,848	-	-	(351,848)
Balance carried forward	<u>13,644,487</u>	<u>12,477,889</u>	<u>5,783,427</u>	<u>614,185</u>

### 14. Opening and closing shareholders' funds

	<b>2014</b>	<b>2013</b>
	£	£
Opening shareholders' funds	25,246,948	11,262,034
Profit for year	7,054,264	4,517,358
Dividends	(2,158,341)	(1,112,700)
Share option expense	737,117	207,964
Additions to share capital	2,656	10,432
Additions to share premium	1,613,124	4,677,167
Additions to merger reserve	98,734	5,684,693
<b>Closing shareholders' funds</b>	<b><u>32,594,502</u></b>	<b><u>25,246,948</u></b>

## **15. Share-based payments**

The company operates an equity-settled LTIP remuneration scheme for Directors and certain management. The only vesting conditions attached to the options are 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 as well as issuing warrants.

For further information on these share based payments see note 29 of the consolidated financial statements.

## **16. Transactions with directors**

During the year payments totalling £116,511 (2013: £99,303) were made for services received from Hub Capital Partners Limited, in which R Feigen is a Director. There were no other transactions with directors during the year.

During the year payments totalling £22,500 (2013: £nil) were made for services received from Middleton Enterprises Limited, in which J Middleton is a Director.

During the year payments totalling £2,500 (2013: £1,209) were made to Grace House North East, in which T Maxfield is a Director.

During the year payments totalling £15,660 (2013: £nil) were made for services received from The Entrepreneurs Forum, in which G Thompson is a Director.

## **17. 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.