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Registered number 08500815

Energy Services TopCo Limited
Annual report and financial statements
for the year ended 30 April 2017

Energy Services Topco Limited

Annual report and financial statements for the year ended 30 April 2017

Contents

Directors and advisers

Directors

Patrick James Macdonald (appointed on 27 May 2016 and resigned 21 November 2017)
Gary Martin Stokes (appointed on 20 October 2016 and resigned 7 December 2017)
Michael Edward Abbott (resigned on 27 May 2016)
Edward John Armitage (resigned 24 February 2017)
Gareth James Knight (resigned 11 January 2018)
Vitruvian Directors I Limited
Vitruvian Directors II Limited
Vitruvian Directors III Limited (appointed on 5 May 2017)
Vitruvian Directors IV Limited (appointed on 5 May 2017)

Secretary

Edward John Armitage (appointed on 27 May 2016 and resigned 24 February 2017)

Registered office

Ribble House
Ballam Road
Lytham St Annes
Lancashire
FY8 4TS

Solicitors

FieldFisher LLP
Free Trade Exchange
37 Peter Street
Manchester
M2 5GB

Bankers

HSBC Bank plc
Yorkshire Corporate Bank Centre
4th Floor, City Point
29 King Street
Leeds
LS1 2HL

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
1 Hardman Square
Manchester
M3 3EB

Energy Services TopCo Limited

Strategic Report for the year ended 30 April 2017

The Directors present their Strategic Report on the company for the year ended 30 April 2017.

Principal activities

The Group is a specialist provider of strategic energy procurement, risk management, compliance, consultancy, cost reduction, bureau and management solutions to a broad range of clients including corporate, public sector and SME customers.

These services are delivered by two primary operating segments, being Inenco Corporate (IC) and Inenco Direct (ID). IC specialises in the provision of energy services to large businesses in the UK and Europe whilst ID engages with the SME market in the UK.

Post balance sheet events

On 5 December 2017, Energy Services Financing Limited, an immediate subsidiary sold its subsidiary companies to Igloo Investment Bidco Limited. As such post December 2017 there are no trading entities within the Group.

Going concern

Following an assessment of the financial position of the Company the Directors have deemed it inappropriate to prepare these accounts on a going concern basis as following the disposal of the trading entities in the group it is planned to liquidate the remaining entities. As such a basis other than going concern has been used. For the company, Investments in subsidiaries of £444,444 have been written down to nil as this is deemed to be the realisable value following the transaction described above. Amounts due from group undertakings of £64,975 were fully provided for. There were no long-term debtors or creditors to reclassify to current. For further details see note 3(b) Going concern.

For the Group, Goodwill was impaired from £114.3m to £nil which is shown in exceptional items (see note 6). Intangibles assets of £1.0m and fixed assets of £0.3m were reclassified to current assets. Non-current liabilities of £199.5m were reclassified to current liabilities.

Review of the business

Trading performance

In the year ended 30 April 2017 the Group generated revenue of £28.8m (2016: £35.5m).

The Group's gross profit margin has increased during the year to 59.5% (2016: 57.6%), due in part to reduced subcontractor costs incurred in the prior year for Energy Savings Opportunity Scheme (ESOS) work within Inenco Corporate.

Within the Group, administrative expenses before exceptional items reduced from the prior year to £17.1m (2016: £17.8m) seeing continued planned investment in IT, senior management, human resources, marketing strategy and property.

The Group also incurred costs amounting to £116.7m (2016: £3.3m) in respect of a number of exceptional items, the majority of which related to the impairment of Goodwill (£114.3m) along with a number of consultancy costs aimed at driving profitability within the business.

The Group's pre-tax loss for the year amounted to £137.8m (2016: £20.3m). The current year tax charge was £nil after Group relief (2016 £0.1m)

Financial position

At the year end, the goodwill balance in respect of the acquisition of Inenco Group Limited, was impaired to nil to reflect the net realisable value following the transaction in December 2017 (2016: £122.6m).

The Group holds cash reserves at the year end, which are held within the trading entities subsequently disposed of.

Following the impairment of goodwill the Group had net liabilities of £180.8m at the year end (2016: £43.0m) as a result of the impairment (£114.3m) and the long-term debt funding, raised to facilitate the acquisition of the trading division of Inenco Group Limited.

Cash flow

During the year, the Group's cash balance decreased by £2m to £9.7m, largely due to incurring a number of exceptional cash items.

Principal risks and uncertainties

The Directors have fully considered all known risks and uncertainties which may affect the Group and Company in the future. The primary risks are as follows:

- Regulatory risk – the Group operates within markets which are subject to extensive laws and regulations. These laws and regulations continue to change and evolve, as must the Group. The Group undertakes processes and procedures on an ongoing basis to ensure that it fully complies with the requirements of the relevant laws and regulations.

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

- Innovation risk – on a number of contracts, Inenco has been incumbent for many years. Over this time, the Group has been able to successfully innovate in order to improve the effectiveness and efficiency of its service delivery. In certain areas of our business, our customers continue to demand innovative solutions and therefore we must continue to innovate to maintain our position.

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

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

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

Financial risk management

The primary financial risk facing the Group is that of credit risk. The Group's principal financial assets are cash, trade debtors and accrued income, with credit risk for the Group primarily attributable to trade debtors and accrued income. The Group has no significant concentration of credit risk with regard to trade debtors, as exposure is spread over a large number of customers.

The credit risk on cash balances is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

The Group is also exposed to a small element of foreign exchange risk as a proportion of invoicing occurs in Euros. This risk is mitigated through ongoing management of Euro balances to ensure that exchange rate fluctuations do not result in material gains or losses.

Future developments

The Group is not considered to be a going concern following the sale of the trading entities and it is intended to liquidate the company and remaining group entities. Further information is provided is on page 2 and the notes to the financial statements on page 14. As such there are no other future developments that the Directors consider relevant.

Key performance indicators ("KPIs")

The main financial KPIs used by the Directors in assessing performance are Revenue and Adjusted EBITDA, defined as earnings before interest, tax, depreciation, amortisation and exceptional items, as set out below. For the purpose of assessing the performance of the business, comparatives are provided for the year ended 30 April 2016. Excluding the effect of the exceptional items (further details of which are provided in note 6 to the accounts), adjusted EBITDA for the Group decreased year on year from £10.5m to £7.9m. EBITDA reduced from £7.3m to an EBITDA loss of £108.8m.

	Year ended 30 April 2017 £000s	Year ended 30 April 2016 £000s
Continuing operations		
Revenue	**28,776**	35,512
Adjusted EBITDA	**7,886**	10,536
Exceptional Items (note 6)	**(116,697)**	(3,264)
EBITDA	**(108,811)**	7,272

Policy on the payment of creditors

It is the policy of the Group to maintain good relationships with its suppliers by making payment in accordance with agreed terms following receipt of a satisfactory invoice. At 30 April 2017, the Group had the equivalent of 11 days (2016: 14 days) purchases outstanding in trade creditors.

On behalf of the board

Vitruvian Directors I Limited
Director
31 January 2018
Company registered number: **08500815**

Directors' report for the year ended 30 April 2017

The Directors present their report and the audited financial statements of the Group for the year ended 30 April 2017.

Future developments

Due to the sale of the trading entities in the group, it is intended to liquidate the remaining group entities within the next 12 months.

Dividends

No dividends were paid during the year (2016: £nil). The Directors do not recommend payment of a dividend.

Financial risk management and going concern

Going concern and Financial risk management are described in the Strategic Report on pages 2 and 3 (respectively).

Directors

The Directors of the company who were in office during the year and up to the date of approving the financial statements are listed on page 1.

Directors' indemnities

A qualifying third party indemnity provision as defined in Section 234 of the Companies Act 2006 is in force for the benefit of each of the Directors and the Company Secretary in respect of liabilities incurred as a result of their office, to the extent permitted by law. In respect of those liabilities for which Directors may not be indemnified, a Directors' and officers' liability insurance policy was maintained throughout the financial year.

Employees

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Group continues and the appropriate training is arranged. It is the policy of the Group that the training, career development and promotion of a disabled person should be, as far as possible, identical to that of a person who does not suffer from a disability.

Consultation with employees or their representatives has continued at all levels, with the aim of ensuring that their views are taken into account when decisions are made that are likely to affect their interests and that all employees are aware of the financial and economic performance of their business units and of the Group as a whole. Communication with all employees continues through newsletters, briefing groups and the distribution of the Annual Report and financial statements.

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

Energy Services TopCo Limited

Directors' report for the year ended 30 April 2017 (continued)

Statement of Directors' responsibilities (continued)

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure of information to auditors

In the case of each of the persons who are Directors at the time when the report is approved under section 418 of the Companies Act 2006 the following applies:

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

Independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

On behalf of the board

Vitruvian Directors I Limited
Director
31 January 2018
Company registered number: **08500815**

Independent auditors' report to the members of Energy Services TopCo Limited

Report on the financial statements

Our opinion

In our opinion, Energy Services TopCo Limited's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 30 April 2017 and of the group's loss and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Emphasis of matter - Group - Basis of preparation

In forming our opinion on the group financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 3 to the financial statements concerning the basis of preparation. The Directors' current intention is to liquidate the Group within 12 months following the disposal of the trading entities in the Group on 5 December 2017. Accordingly, the going concern basis of preparation is no longer appropriate and the financial statements have been prepared on a basis other than going concern as described in note 3 to the financial statements. Adjustments have been made in these financial statements to reduce assets to their realisable values and to reclassify fixed assets and long-term liabilities as current assets and liabilities.

Emphasis of matter - Company - Basis of preparation

In forming our opinion on the company financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 3 to the financial statements concerning the basis of preparation The Directors' current intention is to liquidate the Company within 12 months following the disposal of the trading entities owned by the Company on 5 December 2017. Accordingly, the going concern basis of preparation is no longer appropriate and the company financial statements have been prepared on a basis other than going concern as described in note 3 to the company financial statements. Adjustments have been made in these financial statements to reduce assets to their realisable values.

What we have audited

The financial statements, included within the Annual report and financial statements (the "Annual Report"), comprise:

- the Group and Company Statement of financial position as at 30 April 2017;
- the Consolidated statement of comprehensive income for the year then ended;
- the Consolidated statement of cash flows for the year then ended;
- the Consolidated and Company statements of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

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

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' report have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the group, the company and their environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' report. We have nothing to report in this respect.

Independent auditors' report to the members of Energy Services TopCo Limited (continued)

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- the company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

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

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' responsibilities, 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) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

What an audit of financial statements involves

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

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

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Strategic Report and Directors' report, we consider whether those reports include the disclosures required by applicable legal requirements.

Philip Storer (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester
31 January 2018

Energy Services TopCo Limited

Consolidated statement of comprehensive income for the year ended 30 April 2017

	Note	**Discont'd Operations 2017 £000s**	Continuing Operations £000s	Discont'd Operations £000s	Total 2016 £000s
Revenue	4	**28,776**	35,512	309	35,821
Cost of sales		**(11,668)**	(15,060)	(402)	(15,462)
Gross profit		**17,108**	20,452	(93)	20,359
Administrative expenses		**(133,816)**	(21,037)	93	(20,944)
Operating (loss)/profit before exceptional items		**(11)**	2,679	-	2,679
Exceptional items	6	**(116,697)**	(3,264)	-	(3,264)
Operating loss	5	**(116,708)**	(585)	-	(585)
Interest payable and similar charges	9	**(21,131)**	(19,668)	-	(19,668)
Interest receivable and similar income		**1**	-	-	-
Loss on ordinary activities before taxation		**(137,838)**	(20,253)	-	(20,253)
Tax on loss on ordinary activities	10	-	(143)	-	(143)
Loss for the financial year		**(137,838)**	(20,396)	-	(20,396)
Other comprehensive income/(loss) for the year		-	-	-	-
Total comprehensive loss for the year		**(137,838)**	(20,396)	-	(20,396)

The results of the current and prior year are presented on a continuing and discontinued basis.

As permitted by the provisions of section 408 of the Companies Act 2006, the Company's statement of comprehensive income has not been included in these financial statements. The consolidated loss for the financial year includes the Company result of £0.8m loss (2016: £0.7m loss) which is dealt with in the financial statements of the Group.

Energy Services TopCo Limited

Statement of financial position as at 30 April 2017

	Note	Group 30 April 2017 £000s	Company 30 April 2017 £000s	Group 30 April 2016 £000s	Company 30 April 2016 £000s
Fixed assets					
Intangible assets	11	-	-	122,563	-
Tangible fixed assets	12	-	-	549	-
Investments	13	-	-	-	444
		-	-	123,112	444
Current assets					
Intangible assets	11	**1,001**	-	-	-
Tangible fixed assets	12	**302**	-	-	-
Debtors due within one year	14	**20,941**	-	22,896	-
Cash – held on behalf of clients		**3,055**	-	1,346	-
Cash at bank and in hand		**9,651**	-	11,659	-
		34,950	-	35,901	-
Creditors: amounts falling due within one year	15	**(215,752)**	(1,252)	(17,925)	(907)
Net current (liabilities) / assets		**(180,802)**	(1,252)	17,976	(907)
Total assets less current liabilities		**(180,802)**	(1,252)	141,088	(463)
Creditors: amounts falling due after more than one year	16	-	-	(184,052)	-
Net liabilities		**(180,802)**	(1,252)	(42,964)	(463)
Capital and reserves					
Share capital	17	**376**	376	376	376
Capital redemption reserve		**68**	68	68	68
Retained earnings		**(181,246)**	(1,696)	(43,408)	(907)
Total shareholders' deficit		**(180,802)**	(1,252)	(42,964)	(463)

The financial statements on pages 9 to 38 were approved by the board of Directors and authorised for issue on 31 January 2018. They were signed on its behalf by:

Vitruvian Directors I Limited
Director
31 January 2018
Company registered number: **08500815**

Energy Services TopCo Limited

Consolidated statement of changes in equity for the year ended 30 April 2017

	Share capital	Capital Redemption Reserve	Retained earnings	Total
	£000s	**£000s**	**£000s**	**£000s**
Balance as at 1 May 2015	**444**	**-**	**(23,012)**	**(22,568)**
Loss for the year	-	-	(20,396)	(20,396)
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	(20,396)	(20,396)
Dividends	-	-	-	-
Total transactions with owners, recognised directly in equity	(68)	68	-	-
Balance as at 30 April 2016	**376**	**68**	**(43,408)**	**(42,964)**
Loss for the year	-	-	(137,838)	(137,838)
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	(137,838)	(137,838)
Dividends	-	-	-	-
Total transactions with owners, recognised directly in equity	-	-	-	-
Balance as at 30 April 2017	**376**	**68**	**(181,246)**	**(180,802)**

Energy Services TopCo Limited

Company statement of changes in equity for the year ended 30 April 2017

	Note	Share capital	Capital Redemption Reserve	Retained earnings	Total
		£000s	£000s	£000s	£000s
Balance as at 1 May 2015		**444**	**-**	**(180)**	**264**
Loss for the year		-	-	(727)	(727)
Other comprehensive income for the year		-	-	-	-
Total comprehensive income for the year		-	-	(727)	(727)
Dividends		-	-	-	-
Total transactions with owners, recognised directly in equity		(68)	68	-	-
Balance as at 30 April 2016		**376**	**68**	**(907)**	**(463)**
Loss for the year		-	-	(789)	(789)
Other comprehensive income for the year		-	-	-	-
Total comprehensive income for the year		-	-	(789)	(789)
Dividends		-	-	-	-
Total transactions with owners, recognised directly in equity		-	-	-	-
Balance as at 30 April 2017		**376**	**68**	**(1,696)**	**(1,252)**

Energy Services TopCo Limited

Consolidated statement of cash flows for the year ended 30 April 2017

	Note	Year ended 30 April 2017 £000s	Year ended 30 April 2016 £000s
Net cash from operating activities	18	**4,393**	6,776
Taxation (paid) / received		**(97)**	515
Net cash generated from operating activities		**4,296**	7,291
Cash flow from investing activities			
Purchase of intangible fixed assets	11	**(361)**	(622)
Purchase of tangible fixed assets	12	**(61)**	(352)
Net cash used in investing activities		**(422)**	**(974)**
Cash flow from financing activities			
Interest paid		**(5,874)**	(5,727)
Repayment of loans		**(8)**	-
Net cash used in financing activities		**(5,882)**	(5,727)
Net (decrease) / increase in cash and cash equivalents		**(2,008)**	590
Cash and cash equivalents at the beginning of the year		**11,659**	11,069
Cash and cash equivalents at the end of the year		**9,651**	11,659
Cash and cash equivalents consists of:			
Cash at bank and in hand		**9,651**	11,659
Cash and cash equivalents		**9,651**	11,659

The notes on pages 14 to 38 form part of these financial statements.

Energy Services TopCo Limited

Notes to the financial statements for the year ended 30 April 2017

1) General information

Energy Services TopCo Limited ('the Company') is a private limited company limited by shares and is incorporated in Lancashire in the United Kingdom.The address of its registered office is Ribble House, Ballam Road, Lytham St Annes, Lancashire FY8 4TS.

The principal activity of the Group is to provide strategic energy procurement, risk management, compliance, consultancy, cost reduction, bureau and management solutions to a broad range of clients including corporate, public sector and SME customers.

2) Statement of compliance

The financial statements of Energy Services Topco Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

3) Summary of significant accounting policies

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

a) Basis of preparation

The financial statements have been prepared on a basis other than going concern (see Going Concern for further details), under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom including FRS 102.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed under "Critical accounting judgements and key source of estimation uncertainty" included within this note.

b) Going concern

On the basis of their assessment of the Group's and Company's financial position and resources, the Directors believe that it is not appropriate to adopt the going concern basis for the preparation of these accounts as it is planned to liquidate the Group and Company following the disposal of the trading entities in the Group on 5 December 2017. As such these financial statements have been prepared on a basis other than going concern.

Assets have been recognised at their realisable value, which for the Company has resulted in investments in subsidiary entities of £444,444 being impaired to £nil and a provision for amounts due from group undertakings of £64,975. Following the impairment of investments the company had no non-current assets or liabilities to reclassify.

For the Group, Goodwill was impaired from £114.3m to £nil which is shown in exceptional items (see note 6). Intangibles assets of £1.0m and fixed assets of £0.3m were reclassified to current assets. Non-current liabilities of £199.5m were reclassified to current liabilities.

The comparative information for the year ended 30 April 2016 was prepared on a going concern basis.

3) Summary of significant accounting policies (continued)

c) Foreign currencies

(i) Functional and presentation currency

The Company's functional and presentation currency is the pound sterling rounded in thousands.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the rate prevailing at the date of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

d) Revenue Recognition

Revenue represents the value of services supplied to customers during the year. Various recognition policies are applied across different service lines, in particular:

(i) Sale of Services

i. Inenco Corporate provides energy contract management services to its clients, including energy efficiency consulting. Revenues are recognised over the life of the underlying contract or at the point the work is undertaken.

ii. Inenco Direct acts as agent on behalf of its clients. Revenue on its contracts is recognised upon contract commencement, based on the client's estimated energy usage during the contract period.

Appropriate adjustments are made where invoices are raised either in advance or in arrears, to ensure that Revenue is recognised in the period to which it relates. All of the revenue during the reporting period has been related to rendering of services.

(ii) Long term contracts

Revenue arising from long term contracts is recognised in the statement of comprehensive income over the term of the related long term contract so as to match Revenue and profits arising with related costs incurred to date. Long term contract amounts, being cost incurred, net of amounts transferred to cost of sales, after deducting foreseeable losses and payments on account not matched with revenue, are included as accrued revenue in debtors (see Accrued Revenue below). Payments in excess of recorded revenue and long-term contract balances are included in creditors as deferred income.

Stage of completion is determined with reference to the hours expected to be expended across the life of contracts for service. Some products involve significant amounts of work up-front whilst others involve largely even workloads across the life of the contract. Others still can involve work at various times (e.g. consultancy) and this is tracked via timesheets. Revenue recognition is determined by product type (as product types share workload profiles) and the disclosure can be presented at this level of detail where necessary.

Where revenue values are uncertain pending the outcome of future events, these are appropriately discounted for risk and a provision is created (see Trading Revenue and Accrued Revenue below).

3) Summary of significant accounting policies (continued)

d) Revenue Recognition (continued)

(iii) Trading Revenue

Trading revenue is recognised net of provisions to take account of the risk factors associated with the customer or portfolio. The key risk factors are considered to be volume risk, strategy risk and market risk. The provisions are based on management's estimate of the respective risks taking into account prior experience and market expertise.

(iv) Accrued Revenue

Inenco Direct energy procurement revenue is initially recognised at the fair value of the services provided, calculated using the estimated energy consumption of the end-user at commission rates agreed with the energy supplier. Consumption estimates are based on prior experience and market knowledge and are supported by various customer checks conducted at the inception of the contract and throughout the contract life.

Such contracts are naturally subject to an element of estimation uncertainty at inception as actual end-user consumption may exceed or underperform the initial expectation over the life of the contract. Estimation is also required in respect of the duration of contracts, which can terminate prematurely, for example if the end-user vacates the property under supply or cease trading.

The value of revenue recognised in a given period is discounted to reflect such uncertainty, with a resultant provision recognised against the carrying value of accrued revenue. The fair value estimate is determined with reference to historical trends and reassessed periodically in order to ensure that it remains sufficient and appropriate.

e) Customer contract acquisition costs

With the exception of sales commissions, costs incurred in the acquisition of customer contracts are expensed as incurred. Commission payments are made to staff upon completion of a sale and are recognised in line with the revenue recognition policy applicable to the contract to which they relate.

f) Exceptional items

Items that are material in size or nature, and which are also non-operating or non-recurring, are presented separately as exceptional items in the statement of comprehensive income. The Directors are of the opinion that the separate recording of exceptional items provides helpful information about the Group's underlying business performance. Events which may give rise to the classification of items as exceptional include, but are not restricted to, expenses incurred in relation to the restructuring of businesses, impairment or revaluation of assets, and expenses incurred in relation to business acquisitions.

g) Employee benefits

The Group provides a range of benefits to employees, including paid holiday arrangements and defined contribution pension plans.

(i) Short term benefits

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which they are earned.

3) Summary of significant accounting policies (continued)

g) Employee benefits (continued)

(ii) Defined contribution pension scheme

The Group operates a defined contribution pension scheme. Contributions to the defined contribution pension scheme are charged to the statement of comprehensive income as incurred. The assets of the scheme are held separately from those of the Company and Group in an independently administered fund.

h) Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the statement of comprehensive income.

Current or deferred taxation assets and liabilities are not discounted.

i) *Current tax*

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

ii) *Deferred tax*

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the reporting date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the reporting date.

Deferred tax assets are recognised only when, on the basis of all available evidence, it can be regarded probable that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the reporting date.

i) Business combinations and goodwill

Business combinations are accounted for by applying the purchase method.

The cost of a business combination is the fair value of the consideration given, liabilities incurred or assumed and of equity instruments issued plus the costs directly attributable to the business combination. Where control is achieved in stages the cost is the consideration at the date of each transaction.

Upon the acquisition of a business, fair values are attributed to the identifiable assets, liabilities and contingent liabilities unless the fair value cannot be measured reliably, in which case the value is incorporated in goodwill. Where the fair value of contingent liabilities cannot be reliably measured they are disclosed on the same basis as other contingent liabilities.

Goodwill recognised represents the excess of the fair value and directly attributable costs of the purchase consideration over the fair values to the Group's interest in the identifiable net assets, liabilities and contingent liabilities acquired.

3) Summary of significant accounting policies (continued)

i) Business combinations and goodwill (continued)

On acquisition, goodwill is allocated to cash-generating units ('CGUs') that are expected to benefit from the combination.

Goodwill is amortised over 20 years on a straight line basis, being the period that the Directors estimate that the value of the underlying business acquired is expected to exceed the value of the underlying assets.

Goodwill is assessed for impairment when there are indicators of impairment and any impairment is charged to the statement of comprehensive income. Reversals of impairment are recognised when the reasons for the impairment no longer apply.

In the prior year, the Company took the transition exemption under paragraph 35.10(a) relating to business combinations on the date of transition to FRS 102 (1 May 2014) and elected not to apply Section 19 Business Combinations and Goodwill to business combinations that were effected before its FRS 102 transition date.

j) Intangible Fixed Assets

Intangible fixed assets are stated at cost less accumulated amortisation and accumulated impairment losses. Intangible fixed assets are amortised over their estimated useful life on a straight line basis. Amortisation is presented within administrative expenses within the statement of comprehensive income and the charge in the year is detailed in note 5.

Where factors, such as technological advancement or changes in market price, indicate that residual value or useful life have changed, the residual value, useful life or amortisation rate are amended prospectively to reflect the new circumstances.

The assets are reviewed for impairment if the above factors indicate that the carrying amount may be impaired.

Costs associated with maintaining computer software are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use;
- management intends to complete the software and use or sell it;
- there is an ability to use or sell the software;
- it can be demonstrated how the software will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software are available; and
- the expenditure attributable to the software during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Amortisation of intangible fixed assets is calculated to write off their cost less any residual value over their estimated useful lives on a straight line basis as follows:

IT software (developed and acquired)	4 years

k) Tangible fixed assets

Tangible fixed assets are stated at cost together with any incremental expenses of acquisition less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use, dismantling and restoration costs.

Notes to the financial statements for the year ended 30 April 2017 (continued)

3) Summary of significant accounting policies (continued)

k) Tangible fixed assets (continued)

Depreciation of an asset begins when it is available for use, i.e when it is in the location and condition necessary for it to be capable of operating in the manner operated by the management and in case of development projects depreciation is calculated from the date of use.

Depreciation of fixed assets is calculated to write off their cost less any residual value over their estimated useful lives on a straight line basis as follows:

Technical machinery and office equipment	3 years
Fixtures and fittings	3 years
IT hardware	3 years

Repairs, maintenance and minor inspection costs are expensed as incurred.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. The effect of any change is accounted for prospectively.

Subsequent costs, including major inspections, are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that economic benefits associated with the item will flow to the Group and the cost can be measured reliably.

Tangible assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in the statement of comprehensive income.

l) Fixed asset investments

Investments in subsidiary undertakings are recorded at cost plus incidental expenses less any accumulated impairment losses.

Impairment reviews are performed by the Directors when there has been an indication of potential impairment. Where impairment losses arise, these are recognised in the statement of comprehensive income.

m) Leased assets

At inception the company assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement.

In the prior year, the Group took advantage of the transition exemption under paragraph 35.10(k) FRS 102 in respect of leases to classify any arrangement containing a lease as a lease on the date of transition (1 May 2014).

(i) Finance leased assets

Where the Group enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a finance lease.

Finance leases are capitalised at commencement of the lease as assets at the fair value of the leased asset or, if lower, the present value of the minimum lease payments calculated using the interest rate implicit in the lease. Where the implicit rate cannot be determined the Group's incremental borrowing rate is used. Incremental direct costs, incurred in negotiating and arranging the lease, are included in the cost of the asset.

Any asset recorded in the balance sheet as a finance lease asset is depreciated over its estimated useful life or the term of the lease, whichever is shorter.

The capital element of lease obligations is recorded as a liability on inception of the arrangement. Lease payments are apportioned between capital repayment and finance charge, using the effective interest rate method, to produce a constant rate of charge on the balance of the capital repayments outstanding.

3) Summary of significant accounting policies (continued)

m) Leased assets (continued)

(ii) Operating leased assets

Leases that do not transfer all the risk and rewards of ownership are classified as operating leases. Operating lease rentals are charged to the statement of comprehensive income on a straight line basis over the period of the lease term.

(iii) Lease incentives

Incentives received to enter into a finance lease reduce the fair value of the asset and are included in the calculation of present value of minimum lease payments.

Incentives received to enter into an operating lease are credited to the statement of comprehensive income, to reduce the lease expense, on a straight-line basis over the period of the lease.

The Group has taken advantage of the exemption under paragraph 35.10(p) of FRS 102 in respect of lease incentives on leases in existence on the date of transition to FRS 102 (1 May 2014) and continues to credit such lease incentives to the statement of income and retained earnings over the period to the first review date on which the rent is adjusted to market rates.

n) Onerous leases

The Group makes provision for the anticipated net costs of onerous leases and dilapidations clauses. These provisions are recognised upon the obligation arising either due to the formal commitment to a plan to divest or close sites or as a result of works performed. The provisions are based on management estimates of costs.

o) Impairment of non-financial assets

At each reporting date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset may be impaired. If there is such an indication the recoverable amount of the asset is compared to the carrying amount of the asset.

The recoverable amount of the asset is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future pre-tax and interest cash flows obtainable as a result of the asset's continued use. The pre-tax and interest cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset.

If the recoverable amount of the asset is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the statement of comprehensive income, unless the asset has been revalued when the amount is recognised in other comprehensive income to the extent of any previously recognised revaluation. Thereafter any excess is recognised in the statement of comprehensive income.

If an impairment loss is subsequently reversed, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the statement of comprehensive income.

p) Cash and cash equivalents

Cash and cash equivalents presented in the statement of financial position include cash at bank and in hand. Balances held on behalf of customers are presented separately on the face of the statement of financial position and the corresponding liability is presented within creditors – amounts falling due within one year.

3) Summary of significant accounting policies (continued)

q) Financial instruments

In the prior year, the Group adopted sections 11 and 12 of FRS 102 in respect of financial instruments.

i) Financial assets

Basic financial assets, including trade and other debtors, cash and cash equivalents, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the statement of comprehensive income.

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

Financial assets are derecognised when (i) the contractual rights to the cash flows from the asset expire or are settled, or (ii) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (iii) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

ii) Financial Liabilities

Basic financial liabilities, including trade and other creditors and loans from/to group undertakings, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

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

Trade payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in fair value of derivatives are recognised in the statement of comprehensive income within interest payable and similar charges or interest receivable as appropriate.

The company does not currently apply hedge accounting for interest rate or foreign exchange derivatives.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

iii) Offsetting

Financial assets and liabilities are offset and the net amount presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Notes to the financial statements for the year ended 30 April 2017 (continued)

3) Summary of significant accounting policies (continued)

r) Critical accounting judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, revenue and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

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 addressed below.

- *Accrued revenue valuation*

As detailed in note 3, section (d), (iv) the value of accrued revenue is dependent upon the outcome of future events. Management are required to estimate the likely recoverable value based on past experience and market knowledge.

- *Useful economic lives of tangible assets*

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 12 for the carrying amount of the tangible assets, and note 3 for the useful economic lives for each class of assets.

- *Software*

Intangible assets includes both acquired and internally developed software. In respect of the latter, and in accordance with Section 18.6 of FRS 102, management must exercise judgement in establishing the degree of certainty attached to the flow of future economic benefits that are attributable to the use of the asset on the basis of the evidence available at the time of initial recognition.

t) Future amendments to FRS 102

Amendments to FRS 102 were issued in July 2016 as a result of changes in the EU directives and UK Companies Regulation. The amendments are mandatory for periods beginning on or after 1 January 2017, with early adoption permitted for periods beginning on or after 1 January 2016. Entities will have to adopt and comply with all amendments if they elect to early adopt the Amendments to FRS 102 (issued in July 2016). None of these are expected to have a significant effect on the financial statements of the Group or Company.

Notes to the financial statements for the year ended 30 April 2017 (continued)

4) Revenue

The Revenue and loss before tax are attributable to the trading activities of the Group.

The entire Revenue relates to the rendering of services.

An analysis of Revenue is given below:

	Year ended 30 April 2017 £000s	Year ended 30 April 2016 £000s
UK	**-**	34,999
UK (Discontinued operations)	**28,174**	309
Europe	**602**	513
	28,776	35,821

5) Operating loss

Operating loss is stated after charging:

	Year ended 30 April 2017 £000s	Year ended 30 April 2016 £000s
Staff costs (including Directors' remuneration (note 7 & 8))	**14,462**	18,519
Depreciation of owned tangible fixed assets (note 12)	**308**	295
Operating lease rentals:		
- Land and buildings	**784**	804
- Motor vehicles	**178**	227
Amortisation of intangibles (note 11)	**7,589**	7,562
Auditors' remuneration in respect of:		
- Statutory audit	**81**	55
- Other non-audit services	**61**	150
- Tax and advisory services	**31**	26

The auditors' remuneration for the statutory audit of the Group for the year ended 30 April 2017 is £81,000 (2016: £55,000), of which £73,000 was borne by Inenco Group Limited (2016: £46,000) and £8,000 by the Company (2016: £9,000).

Notes to the financial statements for the year ended 30 April 2017 (continued)

6) Exceptional items

	2017 £000s	2016 £000s
Revaluation of assets and liabilities	-	2,739
Impairment of goodwill (see note 11)	114,334	
Redundancy and restructuring costs	927	521
Management consultancy and professional fees	1,453	-
Impairment loss on liquidation of subsidiaries	-	4
Gain on early redemption of loan notes	(17)	-
	116,697	3,264

The impairment of goodwill arose as a result of the transaction on 5 December 2017 (see note 25). The transaction meant there were no trading entities left in the group and as such the goodwill was deemed unsupportable. Redundancy and restructuring costs referenced above relate primarily to a management restructuring process undertaken during the current and prior periods.

7) Employees

The average monthly number of persons (including Directors) employed during the year was:

By function	Year ended 30 April 2017 Number	Year ended 30 April 2016 Number
Management and supervisors	39	43
Administrative	389	464
	428	507

The aggregate payroll costs in the period were:

	Year ended 30 April 2017 £000s	Year ended 30 April 2016 £000s
Wages and salaries	12,839	16,554
Social security costs	1,348	1,603
Other pension costs	275	362
	14,462	18,519

Included within note 11, intangible fixed assets, is £200,000 (2016: £250,000) of internal staff costs relating to the internal development of software applications which are excluded from the above analysis.

Notes to the financial statements for the year ended 30 April 2017 (continued)

8) Directors' remuneration

	Year ended 30 April 2017 £000s	Year ended 30 April 2016 £000s
Remunerations	953	848
Pension	49	60
	1,002	908

The Group contributes to defined contribution pension schemes for its Directors and employees. Contributions of £49,000 (2016: £60,000) were paid to pension funds for the benefit of Directors during the financial year.

Highest paid Director	Year ended 30 April 2017 £000s	Year ended 30 April 2016 £000s
Remuneration	156	212
Pension	13	22
	169	234

No benefits are accruing to Directors under defined contribution pension schemes at the year end.

9) Interest payable and similar charges

	Year ended 30 April 2017 £000s	Year ended 30 April 2016 £000s
Senior loan	7,175	7,017
PIK loan notes	13,281	11,674
Amortisation of debt issue costs	485	486
Other finance costs	191	491
	21,131	19,668

Interest charges incurred on the PIK loan notes listed in note 16 (amounting to £13.3m (2016: £11.7m) during the year) are accrued and presented within creditors balances at the period end. Interest on loan notes is repayable upon redemption in 2023.

Interest charges on the senior loan listed above (amounting to £7.2m (2016: £7.0m) during the year) are accrued and presented within the creditors balances at the year end, net of amounts paid of £5.3m (2016: £5.2m).

Other finance costs include the statement of comprehensive income charge relating to the Group's interest rate hedge of £0.03m (2016: £0.4m), further details of which are available in note 22, and the revolving credit facility commitment fee of £160,000 (2016: £158,000) less interest receivable on a Directors' loan account of £2,000 and a gain on redemption of PIK loan notes held by a Director who resigned during the year amounting to £17,000 (2016: £nil).

Notes to the financial statements for the year ended 30 April 2017 (continued)

10) Taxation on loss on ordinary activities

(a) Analysis of charge in the period:

	Year ended 30 April 2017 £000s	Year ended 30 April 2016 £000s
Current tax:		
UK corporation tax at 19.92% (2016: 20.25%)	-	-
Under / (Over) provision in respect of prior years	-	143
Total current tax	-	143
Deferred tax:		
Deferred tax	-	-
Total deferred tax charge for the period	-	-
Tax on profit / (loss) on ordinary activities	-	143

Notes to the financial statements for the year ended 30 April 2017 (continued)

10) Taxation on loss on ordinary activities (continued)

(b) Factors affecting current tax charge

The tax assessed on the loss on ordinary activities for the period is higher (2016: higher) than the averaged statutory rate of corporation tax in the UK of 19.92% (2016: 20.25%). The differences are explained below:

	Year ended 30 April 2017 £000s	Year ended 30 April 2016 £000s
Loss on ordinary activities before taxation	**(137,838)**	(20,253)
Loss on ordinary activities at standard rate of 19.92% (2016: 20.25%)	**(27,454)**	(4,051)
Effect of:		
Expenses not deductible for tax purposes	**26,944**	3,331
Adjustment in respect of prior years	-	143
Deferred tax amounts not recognised	**510**	720
Group relief	-	-
Total tax charge for year	-	143

(c) Factors that may affect future tax charges

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2015 (on 26 October 2015) and Finance Bill 2016 (on 7 September 2016). These include reductions to the main rate to reduce the rate to 19% from 1 April 2017 and to 17% from 1 April 2020. Deferred tax has been calculated using the tax rate of 17% on a prudent approach being the tax rate applicable from April 2020.

As per the Government's 20 July Business Statement, Finance (No 2) Bill 2017 will be reintroduced on 6 September and will legislate for policies that have already been announced. This includes a number of provisions that have been announced as applying from the start of the 2017/18 tax year or another point before the introduction of the forthcoming Finance Bill. The Government has confirmed that these dates of application will be retained and that those affected by the provisions should continue to assume that they will apply as originally announced. As such the effect of new rules to restrict the deductibility of net interest costs from 1 April 2017 have been applied.

(d) Deferred taxation

The Group has non-trading losses of £2.2m (2016: £2.5m) available to offset against future non-trading profits. No deferred tax asset has been recognised in respect of the taxable losses on the basis that it is not sufficiently certain whether there will be sufficient taxable profits in the future to realise the deferred tax asset.

Notes to the financial statements for the year ended 30 April 2017 (continued)

11) Intangible assets

	Software £000s	Goodwill £000s	Total £000s
Cost			
At 1 May 2016	2,283	139,976	142,259
Additions	361	-	361
Impairment	-	(114,334)	(114,334)
At 30 April 2017	**2,644**	**25,642**	**28,286**
Accumulated amortisation			
At 1 May 2016	1,063	18,633	19,696
Charge for period	580	7,009	7,589
At 30 April 2017	**1,643**	**25,642**	**27,285**
Net book value			
At 30 April 2017	**1,001**	**-**	**1,001**
At 30 April 2016	1,220	121,343	122,563

As a result of the transaction on December 5 2017 the net realisable value of Goodwill was assessed to be nil, as such it has been impaired to nil in the current year.

Goodwill was being amortised over 20 years on a straight line basis, being the period that the Directors estimated that the value of the underlying business acquired was expected to exceed the value of the underlying assets.

Software is amortised on a straightline basis over 4 years, reflecting the anticipated useful economic life.

Amortisation costs in relation to Goodwill and other intangible assets are recognised within administrative expenses in the statement of comprehensive income.

Included within additions for the year in IT software is £200k of internal staff costs (2016: £250k) incurred as part of software development.

Notes to the financial statements for the year ended 30 April 2017 (continued)

12) Tangible fixed assets

	Technical and office equipment £000s	Fixtures and fittings £000s	IT Hardware £000s	Total £000s
Cost				
At 1 May 2016	271	99	723	1,093
Additions	1	1	59	61
At 30 April 2017	**272**	**100**	**782**	**1,154**
Accumulated depreciation				
At 1 May 2016	57	62	425	544
Charge for the year	89	31	188	308
At 30 April 2017	**146**	**93**	**613**	**852**
Net book value				
At 30 April 2017	**126**	**7**	**169**	**302**
At 30 April 2016	214	37	298	549

All categories of tangible fixed assets are depreciated on a straight line basis over 3 years, reflecting their anticipated useful economic lives.

Depreciation costs relating to tangible fixed assets are recognised within administrative expenses in the statement of comprehensive income.

There were no assets held under finance leases during the period.

Notes to the financial statements for the year ended 30 April 2017 (continued)

13) Fixed asset investments in subsidiary undertakings

As at 30 April 2017 the parent Company and the Group held investments in the following subsidiary undertakings:

Name	Principal activity	Holding %
Energy Services MidCo Limited	Holding Company	100%
Energy Services Financing Limited	Holding Company	100%
Inenco Holdings Limited*	Holding Company	100%
Inenco Limited*	Holding Company	100%
Energy Services Acquisitions Limited*	Holding Company	100%
Inenco Group Limited *	Consultancy Services	100%
Inenco Energy Trading Limited*	Dormant	100%

* Sold on 5 December 2017 to Igloo Investment Bidco Limited (see note 25)

All of the above named businesses are registered in England and Wales. Their registered head office address is at Ribble House, Ballam Road, Lytham St. Anne's, Lancashire, FY8 4TS.

The parent company directly holds the below investment:

Name	Share class	Holding %	No. of shares	£
Energy Services MidCo Limited	Ordinary shares of £1.00	100%	444,445	nil

The net realisable value of this investment is considered to be nil and as such the investment was impaired to nil in the year.

14) Debtors: amounts falling due within one year

Amounts falling due within one year	Group 30 April 2017 £000s	Company 30 April 2017 £000s	Group 30 April 2016 £000s	Company 30 April 2016 £000s
Trade debtors	3,529	-	5,790	-
Prepayments and accrued income	17,190	-	16,880	-
Other debtors	222	-	226	-
	20,941	-	22,896	-

Included within prepayments and accrued income are capitalised debt issue costs of £486k (2016: £486k), to be amortised within one year.

Trade debtors are stated after provisions for impairment of £526k (2016: £263k).

Notes to the financial statements for the year ended 30 April 2017 (continued)

15) Creditors: amounts falling due within one year

	Group 30 April 2017 £000s	Company 30 April 2017 £000s	Group 30 April 2016 £000s	Company 30 April 2016 £000s
Trade creditors	**865**	-	566	-
Other taxation and social security	**1,119**	-	2,163	-
Monies held on behalf of clients	**3,055**	-	1,346	-
Corporation Tax creditor	-	-	98	-
Accruals and deferred income	**10,571**	-	12,938	-
Interest Rate Swap	**205**		417	
Other Creditors	**442**	-	397	-
Amounts payable to group undertakings	-	**1,252**	-	907
Senior loan (net of issue costs)	**77,088**	-	-	-
PIK loan notes (net of issue costs)	**122,407**	-	-	-
	215,752	**1,252**	17,925	907

Monies held on behalf of clients relates to cash held under the Inenco Group Limited name within separate bank accounts for the purposes of direct payment of client invoices to third party suppliers.

Amounts payable to Group undertakings are unsecured and non-interest bearing. No formal terms have been agreed between Group entities governing when intercompany balances are due to be repaid. As such, intercompany balances are repayable on demand.

The senior loan is presented as the sum of proceeds net of amortised issue costs, which amounted to £0.4m (2016: £0.6m), and inclusive of accrued interest, which amounted to £7.2m (2016: £7.0m) during the year, less amounts paid of £5.3m (2016: £5.2m).

PIK loan notes are presented as the sum of proceeds net of amortised issue costs, which amounted to £1.6m (2016:£1.9m), and inclusive of accrued interest, which amounted to £13.3m (2016: £11.7m) during the year and all of which is repayable upon redemption in 2023.

Notes to the financial statements for the year ended 30 April 2017 (continued)

16) Creditors: amounts falling due after more than one year

	Group 30 April 2017 £000s	Company 30 April 2017 £000s	Group 30 April 2016 £000s	Company 30 April 2016 £000s
Senior loan (net of issue costs)	-	-	75,029	-
PIK loan notes (net of issue costs)	-	-	108,847	-
Interest Rate Swap	-	-	176	-
	-	-	184,052	-

The senior loan is presented as the sum of proceeds net of amortised issue costs, which amounted to £0.4m (2016: £0.6m), and inclusive of accrued interest, which amounted to £7.2m (2016: £7.0m) during the year, less amounts paid of £5.3m (2016: £5.2m).

PIK loan notes are presented as the sum of proceeds net of amortised issue costs, which amounted to £1.6m (2016:£1.9m), and inclusive of accrued interest, which amounted to £13.3m (2016: £11.7m) during the year and all of which is repayable upon redemption in 2023.

Notes to the financial statements for the year ended 30 April 2017 (continued)

16) Creditors: amounts falling due after more than one year (continued)

The following loan notes and debt were issued by the Group during the year ended 30 April 2014:

	Amount issued £000s	Maturity	Interest rate %
PIK loan note A	381	4 September 2023	12%
PIK loan note B	14,931	4 September 2023	12%
PIK loan note C	5,972	4 September 2023	12%
PIK loan note D	60,591	4 September 2023	12%
	81,875		

All loan notes are denominated in Sterling.

Borrowings are repayable as follows:

	Group 30 April 2017 £000s	Group 30 April 2016 £000s
Senior loan		
Repayable within one year	**77,479**	-
Repayable between two and five years	**-**	75,600
Debt issue costs	**(391)**	(571)
	77,088	75,029

	Group 30 April 2017 £000s	Group 30 April 2016 £000s
PIK loan notes		
Repayable within one year	**124,029**	-
Repayable after more than five years	**-**	110,774
Debt issue costs	**(1,622)**	(1,927)
	122,407	108,847

The loan notes have been reclassified to current liabilities for the year ended 30 April 2017 in line with the basis of preparation.

Total unamortised debt issue costs of £2,013,000 (2016: £2,498,000) are held at 30 April 2017.

Notes to the financial statements for the year ended 30 April 2017 (continued)

17) Authorised and issued share capital

	Group and Company 30 April 2017		Group and Company 30 April 2016	
	No.	£s	No.	£s
Authorised:				
A Ordinary Shares of £0.01 each	**37,602,101**	**376,021**	37,602,101	376,021
B Ordinary Shares of £0.01 each	**-**	**-**	-	-
C Ordinary Shares of £0.0001 each	**5,333,781**	**533**	5,333,781	533
D Ordinary Shares of £0.0001 each	**857,327**	**86**	857,327	86
	43,793,209	**376,640**	43,793,209	376,640

	Group and Company 30 April 2017		Group and Company 30 April 2016	
	No.	£s	No.	£s
Allotted, issued and fully paid				
A Ordinary Shares of £0.01 each	**37,602,101**	**376,021**	37,602,101	376,021
B Ordinary Shares of £0.01 each	**-**	**-**	-	-
C Ordinary Shares of £0.0001 each	**5,333,781**	**533**	5,333,781	533
D Ordinary Shares of £0.0001 each	**857,327**	**86**	857,327	86
	43,793,209	**376,640**	43,793,209	376,640

One subscriber share was issued at incorporation on 23 April 2013 at par value of £1. On the 4 September 2013, the subscriber share was subdivided into 100 shares of £0.01 each, which were then designated as A Ordinary shares.

37,777,778 A Ordinary shares were issued on 4 September 2013 for proceeds of £377,777.78.

6,666,666 B Ordinary shares were issued on 4 September 2013 for proceeds of £66,666.66.

On 7 May 2015, the Company repurchased 175,677 A Ordinary shares and 6,666,666 B Ordinary shares from Inenco Management Services Limited for cash consideration of £1.00, which were subsequently cancelled.

During the year ended 30 April 2016, the Company issued a further 5,333,781 C Ordinary shares and 857,327 D Ordinary shares for cash consideration of £619.11.

All classes of Ordinary share rank pari passu as regards entitlement to dividends and repayment of capital. The A Ordinary shares confer voting rights upon the holders thereof, subject to the articles of association. The C and D Ordinary shares are non-voting.

Notes to the financial statements for the year ended 30 April 2017 (continued)

18) Reconciliation of operating profit to net cash inflow from operating activities

	Group Year ended 30 April 2017 £000s	Group Year ended 30 April 2016 £000s
Operating loss	**(116,708)**	(585)
Depreciation (note 12)	**308**	295
Amortisation (note 11)	**7,589**	7,562
Impairment of goodwill (note 11)	**114,334**	-
Decrease / (increase) in debtors	**1,052**	(1,288)
(Decrease) / increase in creditors	**(2,182)**	792
Net cash inflow from operating activities	**4,393**	6,776

19) Commitments under operating leases

At 30 April 2017, the Group had future minimum lease payments under non-cancellable operating leases as set out below:

Operating leases - land and buildings	**Group 30 April 2017 £000s**	Group 30 April 2016 £000s
Payments due:		
Not later than one year	**807**	858
Later than one year and not later than five years	**2,208**	2,635
Later than five years	**-**	-
	3,015	3,493

Operating leases - motor vehicles	**Group 30 April 2017 £000s**	Group 30 April 2016 £000s
Payments due:		
Not later than one year	**167**	248
Later than one year and not later than five years	**68**	218
Later than five years	**-**	-
	235	466

Notes to the financial statements for the year ended 30 April 2017 (continued)

20) Pension commitments

The Group operates a defined contribution scheme. During the year the Group made contributions to defined contribution schemes of £275,000 (2016: £362,000). There were no amounts outstanding to defined contribution schemes at 30 April 2017 (2016: £nil).

21) Financial instruments

The Group has the following financial instruments:

	Note	**Year ended 30 April 2017 £000s**	Year ended 30 April 2016 £000s
Financial assets that are debt instruments measured at amortised cost			
Trade debtors	14	**3,529**	5,790
Other debtors	14	**222**	226
		3,751	6,016
Financial liabilities measured at fair value through profit or loss			
Interest rate swaps	15, 16	**205**	592
Financial liabilities measured at amortised cost			
Trade creditors	15	**865**	566
Monies held on behalf of clients	15	**3,055**	1,346
Accruals and deferred income	15	**10,571**	12,938
Other Creditors	15	**442**	397
Senior loan (net of issue costs)	16	**77,088**	75,029
PIK loan notes (net of issue costs)	16	**122,407**	108,847
		214,428	199,123

21) Financial instruments (continued)

Derivative financial instruments – Interest rate swaps

The Directors have hedged a proportion of the £70.0m senior loan. The hedge facility has a notional value of £52.5m and carries a maximum total exposure of £1.5m.

The Group has entered into an interest rate swap to receive interest at the greater of LIBOR or 1.000% and to pay interest at fixed interest rate of 1.792%. The swap matures on 4th September 2017.

The instrument is used to hedge the Group's exposure to interest rate movements on the senior loan facility. The fair value of the interest rate swap is a liability of £205,000 (2016: £592,000).

Cash flows on both the loan and the interest rate swaps are paid bi-annually until 2023. During 2017 such payments amounted to £418,000 (2016:£417,000). The hedging facility led to a charge within interest payable of £33,000 during the year (2016: £339,000) constituting changes in the fair value of the interest rate swap (being a gain of £385,000 during the year (2016: £78,000 gain) plus cash payments made in each period recognised in the statement of comprehensive income).

22) Related party transactions

The Company has taken advantage of the exemption under the terms of paragraph 33.1A of FRS 102 from disclosing related-party transactions with entities that are part of the Energy Services TopCo Limited Group.

The Group pays monitoring fees to Vitruvian Partners Ltd and ICG EFV Luxembourg S.à.r.l. in respect of their ongoing management and oversight of the Group. During the year, such payments were immaterial to the Group and both parties.

Key management personnel includes only directors as there are no other members of senior management having authority and responsibility. Please refer to note 8 for any compensation paid or payable to key management for employee services.

23) Contingent liabilities

On 4 September 2013, Energy Services Acquisitions Limited, a subsidiary company, entered into loans from third parties totalling £70.0m secured on all assets and future profits of the parent company and its subsidiaries.

The balance outstanding on the loan, including accrued interest, at the 30 April 2017 was £77.5m (2016: £75.6m).

On 5 December 2017 Energy Services Acquisitions Limited was sold to Igloo Investment Bidco Limited and as such the contingent liability was also transferred..

24) Parent undertakings and controlling party

At the year end the majority of the issued share capital of Energy Services TopCo Limited was ultimately held by VIP I Nominees Limited, as nominee for and on behalf of The Vitruvian Investment Partnership I. The Vitruvian Investment Partnership I is managed by Vitruvian Partners LLP and was deemed to be the ultimate controlling party

Energy Services TopCo Limited is the parent undertaking of the smallest and largest Group of undertakings to consolidate these financial statements.
The consolidated financial statements of Energy Services TopCo Limited are available from the Company Secretary at Ribble House, Ballam Road, Lytham St Annes, Lancashire, England FY8 4TS.

25) Post balance sheet events

On 5 December 2017, Energy Services Acquisitions Limited, and its subsidiaries were acquired by Igloo Investment Bidco Limited from Energy Services Financing Limited, a subsidiary of Energy Services TopCo Limited.

As such from 5 December 2017 there are no trading entities within the group.