ANNUAL REPORT & ACCOUNTS 2015

Utilitywise plc

Registered number
05849580

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

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

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

Strategic report

Corporate governance

Financial statements

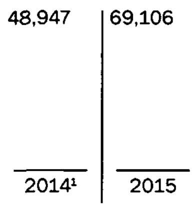
For more information,
visit **utilitywise.com**

HIGHLIGHTS

Financial highlights

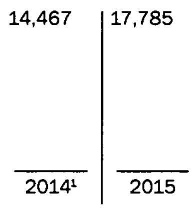
Revenue £000

69,106 +41%



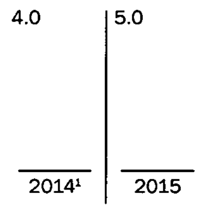
EBITDA[2] £000

17,785 +23%



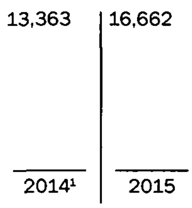
Total dividend for the year p

5.0 +25%



Profit before tax[3] £000

16,662 +25%

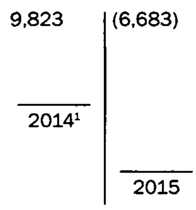


Diluted earnings per share[4] p

17.9 +28%

Net cash £000

(6,683) -168%



Operational highlights

- Organic growth continues supported by increased investment in multi-channel offering
- High contract renewal rates (Enterprise Division over 80%, Corporate Division over 95%)
- Investment in business engagement team, account management and technical resource
- Continued strengthening of executive team
- Launch of Utility Management Plan
- Total current Group headcount increased:
  - 973 as at 31 July 2014
  - 1,518 as at 31 July 2015
- Energy consultant headcount growth:
  - 363 as at 31 July 2014
  - 610 as at 31 July 2015
- UK customer numbers increased:
  - 20,826 as at 31 July 2014
  - 25,976 as at 31 July 2015
- Secured but not yet recognised revenue:
  - £28.2m as at 31 July 2014
  - £26.2m as at 31 July 2015
- New initiatives including ESOS and water in Scotland drive new revenue opportunities
- Decision to focus on key European markets, France and Germany (over 4,000 customers)

1 *As restated.*

2 *Excluding share based payment expenses of £0.6m (2014: £0.7m), exceptional items relating to acquisition costs of £0.6m (2014: £0.1m), restructuring and re-organisation costs of £0.2m (2014: £1.9m) and exceptional credit of £0.2m (2014: £2m) relating to the release of a brought-forward provision (2014: relating to release of contingent consideration).*

3 *As above, but excluding amortisation relating to acquired intangibles of £1.2m (2014: £0.9m).*

4 *As above, but including the tax impact of the above adjustments.*

OUR BUSINESS AT A GLANCE

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

OUR PROPOSITION

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

COMPLIANCE AND ACCREDITATIONS

PROCUREMENT AND TENDERING

CONTROLS AND REDUCTION

MONITORING AND REPORTING

Learn more about our business model **on pages 6 and 7**

What we offer:

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

6
offices worldwide

1,500
members of staff

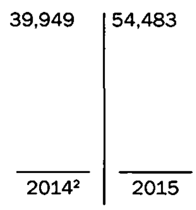
OUR TWO DIVISIONS

ENTERPRISE

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

Enterprise revenue[1] £000

54,483 +36%

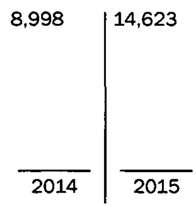


CORPORATE

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

Corporate revenue[1] £000

14,623 +63%



[1] *Excluding intercompany revenue.*
[2] *As restated.*

CHAIRMAN'S STATEMENT

I am pleased to report another year of growth and excellent operational progress. Revenue increased by 41% in the year to £69.1m, delivering adjusted EBITDA of £17.8m and adjusted profit before tax of £16.7m, increases of 23% and 25% respectively.

Richard Feigen, Non-executive Chairman:

Highlights

- Strong revenue and profit growth
- Management strengthened with appointment of new MD and COO
- Continued commitment to refining and improving our internal systems
- t-mac Technologies acquisition completed in April now integrated and performing well
- UK customers now exceed 27,000

I am pleased to report another year of growth and excellent operational progress. Revenue increased by 41% in the year to £69.1m, delivering adjusted EBITDA of £17.8m and adjusted profit before tax of £16.7m, increases of 23% and 25% respectively. We remain extremely confident of the demand for our range of products and services and the considerable investment made across the business this year reflects this.

We have continued our programme of strengthening our management team, with the appointment earlier this year of Steve Atwell as Managing Director of our Enterprise Division and, as separately announced today, Brin Sheridan as Chief Operating Officer. I look forward to welcoming Brin to the team.

We have also continued our ongoing commitment to refining and improving our internal systems and, as part of this commitment, have undertaken a comprehensive review of our accounting processes. This review focused in particular on the consumption variances that arise on energy contracts written. The Group has historically made a 15% provision for consumption variances and our review demonstrated that the current variance is running at that level. However, when applying the same detailed analysis to prior years, the consumption variances were found to be higher than the 15% used in prior years. This, together with analysing the consumption variance on a contract-by-contract basis, enabled us to correctly calculate the provision at the relevant balance sheet dates. As a result, a prior year adjustment has been made to reflect this accounting error. Further details of this restatement are contained in the Business Review section.

Since IPO we have completed five acquisitions, including that of t-mac Technologies Limited in April, providing the Group with additional capabilities in the energy monitoring and controls space. We are pleased with the integration of t-mac to date and the additional opportunities we have started to see as a result of our joint offering. Whilst procurement remains the main contributor to Group revenue, the opportunities for customer interaction are increasing as a result of the broader services we now offer, and our role as a trusted advisor to our customers is being endorsed at every opportunity.

The Group now looks after over 27,000 customers in the UK and over 4,000 in Europe. In the Enterprise Division we are increasing our ability to engage with potential customers and have developed our Trusted Advisor framework to ensure consistency and complete delivery of all applicable products and services as part of our Utility Management Plan. These will also enable us to establish a relationship with potential customers outside of their normal procurement contract cycle. Our net promoter score remains very strong at 51, a demonstration of our endeavour to ensure all our customers have a positive engagement with the Group.

During the period we completed the move to our new head office, which has allowed the Group to recruit new energy consultants and support staff. Having increased our energy consultant numbers since 31 July 2014 from 363 to 610 as at 31 July 2015, we have refocused our recruitment strategy to ensure we have the highest quality of staff capable of delivering our Trusted Advisor strategy effectively, in turn increasing our new customer conversion rates. As a result of this recruitment in the first quarter has been slower than anticipated and, whilst the outlook for the current year remains good, overall headcount growth will be slightly slower than previously communicated.

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 broaden our products and services positions us well. Despite our continued success, our penetration remains relatively low in what is a large addressable market, which gives us great confidence for 2016 and beyond.

With the continued strong financial performance, the Board is pleased to recommend a final dividend payment of 3.3p per share, making a total of 5.0p for the year, an increase of 25%, and continues to view the future with confidence.

Richard Feigen
Chairman
27 October 2015

Learn more about our governance **on page 14**

Learn more about our financial statements **on pages 19 to 60**

OUR BUSINESS MODEL AND STRATEGY

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

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

Our business model

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

- The Company continues to employ energy consultants who contact prospective customers identified by the Company's bespoke IT search system to offer a potentially reduced energy tariff and various energy management products and services designed to assist in identifying ways to reduce that customer's overall energy consumption.
- The Company operates a "partner channel" where organisations refer customers to Utilitywise plc and commissions generated from those customers are shared between Utilitywise plc and the referring organisation.
- The Company also employs "field-based" energy consultants who target organisations that cannot be effectively reached via the core telemarketing channel.
- The Company has a dedicated business development team 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.
- The Company has developed an online site intended to assist customers comparing tariffs. It is specifically for certain smaller meter sizes, enabling them to switch supplier with minimal human intervention, therefore making the service viable for the smaller customers.

The Group has continued to develop in all of these areas and has re-organised to ensure the Group's 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 four acquired businesses, namely Clouds Environmental Consultancy Limited, Aqua Veritas Consulting Limited, Energy Information Centre Limited (EIC) and t-mac Technologies Limited, the Corporate Division has been created to service the larger I&C customers.

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

Our strategy

Utilitywise plc 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 OBox product and an audit and compliance capability. These acquisitions typically targeted the larger customer but we have used these skills to enhance our offering to our core historic SME customer.

Our acquisition of t-mac Technologies has provided the Group with the ability to extend our capabilities further into the controls arena to help consumers of energy to not just monitor but to control and optimise their energy usage. The t-mac existing customer base is currently more akin to the larger multisite corporate customer, but we intend to develop products and services which will appeal and provide this capability to the wider SME customer base.

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

In addition to the Company's aim of growing its market share of both SME and I&C customers, the Directors believe that there is an opportunity to capitalise on the Company's established relationships with energy suppliers who continue to show an interest in 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 the three key areas outlined below.

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 800 by the end of 2016.

2 ACQUISITION

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

3 EUROPEAN EXPANSION

A clear market opportunity exists and, utilising the experience and infrastructure of our acquired business ICON Communication Centres s.r.o, we continue to evolve our business model across Europe, and we are currently procuring energy on behalf of customers in four European countries: France, Germany, Holland and Belgium.

OUR PRINCIPAL RISKS AND UNCERTAINTIES

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

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

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

Risk and description	Mitigation
RECRUITMENT AND RETENTION OF THE RIGHT PEOPLE	
Recruiting and retaining the right people is critical for the success of the Group in meeting our objectives. The Group has grown rapidly over the last few years and this has been achieved through the headcount growth of our principal Enterprise operation in North Shields. We have also acquired five businesses and retaining the staff has been a key thrust of the integration process whilst providing a platform for these businesses to prosper, which in most cases has been through headcount growth.	We are focused on providing a workplace that both attracts and retains people with the skills and behaviour that we need. During the year we have rolled out a Group-wide appraisal system in order to help highlight skill gaps and enable us to identify more opportunities for personal growth development whilst providing a link to the performance management system to ensure we are rewarding our people that embody the competencies that will assist us to drive the business forward.
SECURITY AND RESILIENCE OF OUR NETWORKS AND IT SYSTEMS	
We place significant reliance on the networks and IT systems within our business. The day-to-day running of our Enterprise Division, for instance, is reliant on the in-house developed Quantum CRM system and any extended downtime would impact the Group's ability to transact with the end energy consumer. It is therefore essential that we build security and resilience into the networks and systems to mitigate the risk from attacks and system failures.	We are continually developing our systems and we have made significant investment in our IT infrastructure to improve the resilience of our key systems.
LIQUIDITY	
The Group has a revolving credit facility (RCF). The Group's cash flow forecast indicates that there is sufficient headroom in order to fund the Group's strategic objectives. We expect to be able to rely on the debt markets to refinance the RCF at its maturity in June 2017.	The Group transacts with energy suppliers and we consider the risk attached to these to be low. This area is considered further in the going concern section of the statement of Directors' responsibilities.
LEGISLATION AND REGULATORY	
Legislation may change in a manner that may require more strict or additional standards of compliance than those currently in effect thereby creating additional costs. In addition, the government may implement legislation requiring changes to current fee structures for TPIs. Should such legislation be passed there may be a material adverse effect on the Group's financial condition and operating results. Currently, energy procurement is an unregulated market. Should regulation be introduced to cover the Group's activities, the increased regulatory burden could impact on the profits of the Group.	We maintain a positive dialogue with all regulatory bodies and look to conduct ourselves in a manner that would be consistent with any likely regulatory change. However, it should be noted that the Board believes that the Group operates in line with best market practice, including the provisions of the OFGEM retail market review, and in their view any such regulation would initially impact on the smaller energy consultancy and brokering businesses. Should such legislation be passed that differs materially from our expectation, there may be a material adverse effect on the Group's financial condition and operating results.

BUSINESS REVIEW

The Group has developed in all areas of its operations and delivered a 41% increase in revenue, largely driven by increased headcount in line with our stated strategy.

Prior year adjustment

The prior year adjustment relates to a correction of an accounting error in relation to the provision for the consumption variance (also referred to as leakage) arising on contracts where energy is procured for business customers. The Group provides services through negotiating rates with energy suppliers on behalf of business customers and revenues are generated by way of commissions from energy suppliers. This type of revenue is recognised when the contract between the customer and the energy supplier becomes live. The vast majority of the revenues in the Enterprise Division and a portion of the revenues in the Corporate Division and in Europe will transact and recognise revenue under this policy. The commissions are calculated based on expected energy usage by the business customer at agreed commission rates with the energy supplier. Where the actual energy usage by the business customer differs to that calculated at the date the contract goes live, an adjustment is made to revenue once the actual data is known; this is referred to as the consumption variance. The Group has historically estimated the fair value of revenue recognised at 85% of the expected full commission at the go-live date.

We have revisited the consumption variance calculation. We looked at every contract that matured or ended prematurely in the year to 31 July 2015 and calculated the consumption variance applicable to that population. The consumption variance rate was subdivided to split out the contracts which have run to their full contract term and matured in the year; these represented circa 98% of the whole population. The remaining 2% was represented by the contracts which ended prematurely for a variety of reasons.

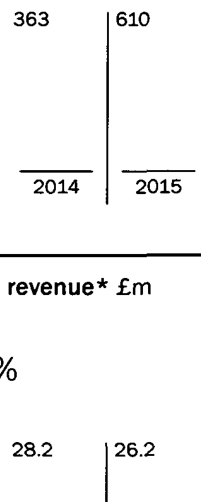
This consumption variance rate represents our best estimate of the consumption variance applicable to the population of contracts still running at 31 July 2015. Calculating the consumption variance in this way in prior years highlighted that contracts written some time ago with maturities in prior years were seeing consumption variance rates higher than 15%. This would have required a greater provision to be made at the time revenue was recognised. Also the provision was held for 24 months and then released which did not reflect the lengthening of contract terms the Group was experiencing and when taken together with the consumption variance the provision was not sufficient at the balance sheet dates. The impact of these changes in the accompanying set of accounts is to restate opening reserves at 1 August 2013 on a pre-tax basis by £3.9m. The restatement of the balance sheet at 31 July 2014 is £3.6m on a pre-tax basis. The work on contracts maturing in the year to 31 July 2015 have shown the consumption variance rate to be 14% for those contracts that ran to their full maturity, and for those that ended prematurely and which display different characteristics, the consumption variance rate was 1%. For the year ending 31 July 2016 the consumption variance rate will be assumed to be 15% and the new methodology consistently applied going forward and updated regularly to gauge any variation and updated in the revenue recognised for the Group.

Key Performance Indicators

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

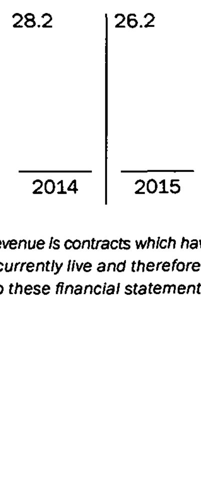
Energy consultants At 31 July

610 +68%



Future secured revenue* £m

26.2 -7%



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

Performance

The Group has grown significantly in the year. We have moved our main North East operation into new premises in North Shields, which has allowed us to grow the headcount and to provide the basis for future growth. At the period end, the secured pipeline was slightly below last year but has improved from the position at the time of our interims (£23.5m) when we had just completed the move and were refocusing the increased headcount onto new customer acquisitions alongside a continuation of renewals and extensions. This is a very useful 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 2015 at £69.1m (2014: £48.9m as restated) represents an increase of 41% on the year ended 2014. Energy consultant headcount in the Enterprise Division continues to increase through the year to a total of 610 (an increase of 247 or 68%), a statistic that underpins the £55.9m (2014: £40.4m as restated) revenue generated by the Enterprise Division in 2015 (an increase of 38% on 2014). The Corporate Division, servicing larger customers on a more consultative basis, continues to perform well with revenues of £16.0m, up from £9.9m in the prior year.

Gross margin was 43.8% for the year against 45.7% for 2014 (as restated).

Net debt at the end of the year was £6.7m which compares to net cash at the end of July 2014 of £9.8m. During the year we acquired t-mac Technologies and £6.4m of cash was expended as part of that transaction. As part of the acquisition we refinanced and increased the revolving credit facility to £25m which will expire in June 2019. The other main impact on cash was the extension business which had revenue recognised in the year and together with renewals represented circa 40% of the Enterprise Division revenues. The increased proportion of extension and renewal business compared to 2014 resulted in an increase in accrued revenue as at 31 July 2015.

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 2015. As at our IPO in June 2012 we had over 10,000 contracted customers and this grew to over circa 26,000 customers.

This has been principally driven by the increased energy consultant headcount to 610 at 31 July 2015, up from 363 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.

Acquisitions

The Group acquired the t-mac Technologies business in April 2015. The acquisition allows the Group to offer the complete range of energy products and services; we can deploy our edd:e circuit monitoring hardware and now, through t-mac, we can control the energy spend to optimise the usage. t-mac has been incorporated into our Corporate Division as the type of customer that t-mac has targeted to date fits very well with our consultative sales model. We expect to achieve revenue synergies from the deployment of t-mac across the existing Corporate customer base in the first instance and thereafter to target a suite of t-mac products to offer across the much larger Enterprise customer base we have.

The Group remains alert to further opportunities in this highly fragmented market which could bring additional products, services or expertise to our existing capability.

Dividend

The Board is proposing a final dividend of 3.3p per share subject to the approval of the shareholders at the Annual General Meeting. The dividend per share will be paid on 21 December 2015 to shareholders on the register at close of business on 27 November 2015. The associated ex-dividend date is 26 November 2015.

Approved by the Board of Directors and signed on behalf of the Board on 27 October 2015.

Jon Kempster
Company Secretary
27 October 2015

BOARD OF DIRECTORS

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

Richard Feigen
Non-executive Chairman, 56

Richard has worked as an advisor to Small and Mid Cap companies since 1986 advising on numerous IPOs, rights issues, mergers and acquisitions. He was, for eleven years, head of investment banking and the managing director of Seymour Pierce, where he led it from a small brokerage firm to the UK's top ranking AIM broker and advisor. After leaving Seymour Pierce in 2010, Richard was a founder of Hub Capital Partners, a London-based financial advisor specialising in Small and Mid Cap companies, which also acts as financial advisor to the Company.

A N

Geoff Thompson
Chief Executive Officer, 53

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

Jon Kempster
Chief Financial Officer, 52

Jon joined Utilitywise plc in October 2013 as a Non-executive Director and was appointed CFO in October 2014. Jon is a Chartered Accountant. He is a director of JVM Ltd, a private group selling construction equipment throughout European Russia. He is also a trustee of the Delta Pension scheme. His career has been largely spent in the public company environment. He has been the finance director of Fii plc, a footwear manufacturer and retailer. After this first publicly listed FD role he has subsequently been the finance director of four further publicly listed groups, Linden plc (house builder), Low & Bonar plc (industrial), Delta plc (industrial) and Wincanton plc (logistics).

Steve Attwell
Managing Director, 46

Steve brings with him significant experience of the small and medium-sized business (SMB) market space, joining Utilitywise plc from Sage Group plc where he spent 25 years in various senior leadership roles, including, more recently, managing director of Sage's SMB business across the UK and Ireland.

Tom Maxfield
Non-executive Director, 66

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

A N R

Andrew Richardson
Deputy Chief Executive Officer, 46

Andrew is a certified Chartered Accountant with an MBA from Durham University and a BA in economics. Andrew previously worked with Geoff Thompson in the business process outsourcing industry and joined the Company in 2009, having previously worked as finance director at Crawshaw Group PLC.

Paul Hailes
Non-executive Director, 52

Paul is a certified Chartered Accountant. He joined Immunodiagnostic Systems Limited in 1993 as the company accountant and was appointed finance director in 1996. Having participated in the management buyout, Paul was part of the team which successfully admitted Immunodiagnostic Systems Holdings plc to trading on AIM in 2004. Since Paul's appointment as finance director at Immunodiagnostic Systems Holdings plc, the sales have grown from £5m to £50m with profits of £16.6m. Paul has many years' public company experience.

A N R

Jeremy Middleton
Non-executive Director, 54

Jeremy Middleton started his career as a brand manager with Procter & Gamble and spent a number of years working for PricewaterhouseCoopers as a marketing consultant. He co-founded HomeServe PLC, now a substantial public company. He now runs an investment company in the North East of England and owns minority stakes in a number of SMEs. The company also has interests in commercial property and property development.

Key
Committees

A Audit Committee

N Nominations Committee

R Remuneration Committee

C Chairman of Committee

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 four Executive Directors.

There is clear separation of the roles of Chairman and Chief Executive Officer to ensure an 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 assessments; 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 auditor 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 three times in each financial year and has unrestricted access to the Group's external auditor.

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.

Nominations Committee

During the year the Nominations Committee consisted of Tom Maxfield (Chair), Paul Hailes and Richard Feigen. The Nominations Committee considers the selection and re-appointment of Directors. It identifies and nominates candidates to fill Board vacancies and regularly reviews 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 Committees 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.

DIRECTORS' REPORT

The Directors submit their annual report on the affairs of the Group together with the financial statements and Independent Auditor's Report for the year ended 31 July 2015.

Results and dividends

The consolidated income statement is set out on page 19 and shows a before tax profit of £14,122,729 for the period.

The Board is proposing a final dividend of 3.3p per share subject to the approval of the shareholders at the Annual General Meeting. The dividend per share will be paid on 21 December 2015 to shareholders on the register at close of business on 27 November 2015. The associated ex-dividend date is 26 November 2015.

Principal activity

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

Directors

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

Name of Director	Board title	Date of appointment
R Feigen	Non-executive Chairman	10 May 2012
G Thompson	Chief Executive Officer	22 January 2008
J Kempster	Chief Financial Officer	15 October 2013
A Richardson	Deputy Chief Executive	3 November 2009
G A Thompson	Chief Operating Officer	1 October 2006
M Dent	Sales and Marketing Director	9 October 2012
P Hailes	Non-executive Director	10 May 2012
T Maxfield	Non-executive Director	10 May 2012
J Middleton	Non-executive Director	15 October 2013

Michael Anthony Dent resigned as Director on 28 October 2014.

Geoffrey Adam Thompson resigned as Director on 28 October 2014.

Steve Attwell was appointed as Director on 12 August 2015.

Substantial shareholdings

As at 31 July 2015, the Group had been notified, in accordance with sections 791 to 828 of the Companies Act, of the following interests in the ordinary share capital of the Group.

Name of holder	Number	%
Woodford Investment Management	18,492,367	24.14%
River and Mercantile Asset Management	7,568,319	9.88%
Investec Asset Management	3,490,946	4.56%
Invesco Perpetual		
Investec Asset Management	3,686,462	4.81%
Old Mutual Global Investors	3,239,859	4.23%
JP Morgan Asset Management	3,127,761	4.08%
Hargreave Hale	2,966,500	3.87%
Standard Life Investment Group	2,416,470	3.15%
Legal and General Group PLC	2,766,667	3.61%

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' REPORT CONTINUED

Directors' emoluments

	Fees/basic salary £	Pension contribution £	Benefits in kind £	**2015 total £**	2014 total £
Executive					
G Thompson	193,500	24,000	2,444	**219,944**	213,291
G A Thompson	51,500	6,000	–	**57,500**	230,623
A Richardson	206,000	24,000	1,314	**231,314**	231,179
M Dent	39,583	3,360	2,970	**45,913**	241,645
J Kempster	178,237	18,042	4,964	**201,243**	26,500
Non-executive					
R Feigen	90,000	450	–	**90,450**	85,833
P Hailes	30,000	600	–	**30,600**	30,000
T Maxfield	30,000	–	–	**30,000**	30,000
J Middleton	30,000	–	–	**30,000**	22,500
Total				**936,964**	1,111,571

Directors' interests

The Directors who held office at 31 July 2015 had the following interests in shares of the Company:

	Ordinary shares **2015 £0.001 each**	Ordinary shares 2014 £0.001 each
Executive		
G Thompson	**8,456,101**	8,188,101
G A Thompson	**1,969,068**	2,419,068
A Richardson	**1,028,171**	1,013,171
M Dent	**500,000**	500,000
J Kempster	**21,000**	21,000
Non-executive		
R Feigen	**68,675**	66,667
P Hailes	**33,334**	33,334
T Maxfield	**66,668**	66,668
J Middleton	**3,287,559**	–
Total	**15,430,576**	12,308,009

Directors' share options

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

Options were granted under the Long Term Incentive Plan on 12 June 2012 and are outstanding at the end of the year (LTIP 1).

Options were granted under the Long Term Incentive Plan on 30 June 2015 and are outstanding at the end of the year (LTIP 6).

Options were granted under the Company Share Option Plan on 6 August 2013 and are outstanding at the end of the year (CSOP 2).

None of the share options have been exercised.

Options that were held during the year are summarised below:

	Scheme	Number of shares under option	Exercise price	Period during which option is exercisable
Executive				
M Dent	CSOP 2	22,000	135p	August 2015 to August 2018
J Kempster	LTIP 6	350,000	268p	June 2017 to June 2020
Non-executive				
T Maxfield	LTIP 1	31,250	60p	June 2014 to June 2017

Under the Save As You Earn schemes, the following options were held by Directors:

Options were granted under the Save As You Earn scheme on 23 November 2012 and are outstanding at the end of the year (SAYE 1).

Options were granted under the Save As You Earn scheme on 4 December 2013 and are outstanding at the end of the year (SAYE 2).

Options were granted under the Save As You Earn scheme on 27 November 2014 and are outstanding at the end of the year (SAYE 3).

None of the share options have been exercised.

Options that were held during the year are summarised below:

	Scheme	Options at end of year	Options at beginning of year
Executive			
G Thompson	SAYE 1	13,313	13,313
	SAYE 3	3,930	–
G A Thompson	SAYE 2	5,610	5,610
	SAYE 3	3,930	–
A Richardson	SAYE 1	13,313	13,313
	SAYE 3	3,930	–
M Dent	SAYE 2	5,610	5,610
J Kempster	SAYE 3	7,860	–

The share price at 31 July 2015 was 226.75p.

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

Directors' responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law 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 Practice. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period. The Directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on AIM.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company and the Group will continue in business.

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

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

Approved by the Board of Directors and signed on behalf of the Board on 27 October 2015.

Jon Kempster
Company Secretary
27 October 2015

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 2015, which comprise the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of financial position and the company balance sheet, the consolidated statement of changes in equity, the consolidated cash flow statement and the related notes. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of Directors and auditor

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and the parent company's affairs as at 31 July 2015 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.

BDO LLP

Paul Davies (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
Leeds
United Kingdom
27 October 2015

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

31 July 2015

	Note	31 July 2015 £	31 July 2014 (as restated) £
Revenue	5	**69,106,061**	48,947,159
Cost of sales		**(38,809,898)**	(26,585,832)
Gross profit		**30,296,163**	22,361,327
Other operating income		**467,108**	327,647
Exceptional contingent consideration release	8	**–**	2,000,000
Total other operating income		**467,108**	2,327,647
Other administrative expenses		**(15,835,732)**	(10,621,221)
Exceptional administrative expenses	8	**(570,133)**	(2,021,790)
Total administrative expenses		**(16,405,865)**	(12,643,011)
Profit from operations before exceptional items		**14,927,539**	12,067,753
Exceptional items	8	**(570,133)**	(21,790)
Profit from operations		**14,357,406**	12,045,963
Finance income	9	**82,218**	103,697
Finance expense	9	**(316,895)**	(476,393)
Profit before tax		**14,122,729**	11,673,267
Tax expense	10	**(2,926,549)**	(2,170,105)
Profit for the year attributable to equity holders of the parent company		**11,196,180**	9,503,162
Other comprehensive income/(expense)			
Items that may be reclassified to profit or loss:			
Exchange difference on translation of foreign operation		**35,964**	(77,308)
Total comprehensive income attributable to equity holders of the parent company		**11,232,144**	9,425,854
Earnings per share			
Basic	11	**0.149**	0.130
Diluted	11	**0.146**	0.124

The notes on pages 23 to 52 form part of these financial statements.

Registered number 05849580.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 July 2015

	Note	As at 31 July 2015 £	As at 31 July 2014 (as restated) £	As at 31 July 2013 (as restated) £
Non-current assets				
Property, plant and equipment	13	**5,899,463**	4,837,532	4,795,670
Goodwill	14	**25,123,291**	14,851,149	14,281,748
Intangible assets	15	**12,047,410**	7,075,202	6,943,854
Accrued revenue	18	**22,977,894**	10,211,243	4,171,512
Total non-current assets		**66,048,058**	36,975,126	30,192,784
Current assets				
Inventories	17	**642,825**	97,983	80,825
Trade and other receivables	18	**15,939,299**	13,958,035	7,731,065
Cash and cash equivalents		**6,492,485**	15,823,137	9,014,680
Corporation tax asset		–	556,895	–
Total current assets		**23,074,609**	30,436,050	16,826,570
Total assets		**89,122,667**	67,411,176	47,019,354
Current liabilities				
Trade and other payables	19	**17,131,012**	17,564,007	12,644,484
Loans and borrowings		–	–	1,252
Corporation tax liability		**585,613**	–	429,088
Current provisions	22	**703,550**	750,639	–
Total current liabilities		**18,420,175**	18,314,646	13,074,824
Non-current liabilities				
Trade and other payables	19	**9,340,004**	7,918,457	4,669,308
Loans and other borrowings	20	**13,175,000**	6,000,000	5,000,000
Deferred tax liability	21	**1,898,001**	1,132,642	1,958,117
Non-current provision	22	**168,224**	443,256	–
Total non-current liabilities		**24,581,229**	15,494,355	11,627,425
Total liabilities		**43,001,404**	33,809,001	24,702,249
Net assets		**46,121,263**	33,602,175	22,317,105
Equity attributable to equity holders of the parent company				
Called-up share capital	23	**76,593**	74,514	71,858
Share premium		**12,873,498**	12,477,889	10,864,765
Merger reserve		**9,531,644**	5,783,427	5,684,693
Share option reserve		**1,599,744**	1,231,434	228,916
Foreign currency reserve		**(41,344)**	(77,308)	–
Retained earnings		**22,081,128**	14,112,219	5,466,873
Total equity		**46,121,263**	33,602,175	22,317,105

The financial statements on pages 19 to 52 were approved by the Board of Directors and authorised for issue on 27 October 2015 and were signed on its behalf by:

Geoff Thompson
Chief Executive Officer
27 October 2015

The notes on pages 23 to 52 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

31 July 2015

	Share capital £	Share premium £	Share option reserve £	Merger reserve £	Retained earnings (as restated) £	Foreign currency reserve £	Total £
As at 1 August 2013 (as restated)	71,858	10,864,765	228,916	5,684,693	5,466,873	–	22,317,105
Profit for the period (as restated)	–	–	–	–	9,503,162	–	9,503,162
Other comprehensive income	–	–	–	–	–	(77,308)	(77,308)
Total comprehensive income for the year (as restated)	–	–	–	–	9,503,162	(77,308)	9,425,854
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	–	–	–	–	948,677	–	948,677
Issue of shares	2,656	1,613,124	–	98,734	–	–	1,714,514
Reserves transfer relating to share based payments	–	–	(351,848)	–	351,848	–	–
Total contributions by and distributions to owners	2,656	1,613,124	1,002,518	98,734	(857,816)	–	1,859,216
As at 31 July 2014	74,514	12,477,889	1,231,434	5,783,427	14,112,219	(77,308)	33,602,175
Profit for the period	–	–	–	–	11,196,180	–	11,196,180
Other comprehensive income	–	–	–	–	–	35,964	35,964
Total comprehensive income for the year	–	–	–	–	11,196,180	35,964	11,232,144
Dividends paid	–	–	–	–	(3,365,287)	–	(3,365,287)
Share option expense	–	–	695,291	–	–	–	695,291
Deferred tax on share options	–	–	(247,045)	–	–	–	(247,045)
Tax on equity items	–	–	–	–	58,080	–	58,080
Issue of shares	2,079	395,609	–	3,748,217	–	–	4,145,905
Reserve transfer relating to share based payments	–	–	(79,936)	–	79,936	–	–
Total contributions by and distributions to owners	2,079	395,609	368,310	3,748,217	(3,227,271)	–	1,286,944
As at 31 July 2015	**76,593**	**12,873,498**	**1,599,744**	**9,531,644**	**22,081,128**	**(41,344)**	**46,121,263**

The notes on pages 23 to 52 form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

31 July 2015

	31 July 2015 £	31 July 2014 (as restated) £
Operating activities		
Profit before tax	**14,122,729**	11,673,267
Finance income	**(82,219)**	(103,697)
Finance expense	**316,895**	476,393
Depreciation of property, plant and equipment	**864,989**	715,256
Share option expense	**695,291**	737,117
Grant income	**(30,790)**	(36,000)
Amortisation of intangible fixed assets	**1,296,878**	946,391
	17,183,773	14,408,727
Change in trade and other receivables	**(14,245,779)**	(11,961,397)
Change in inventories	**(45,455)**	(17,158)
Change in trade and other payables	**(5,108,945)**	8,296,666
Change in provisions	**(325,127)**	888,591
	(19,725,306)	(2,793,298)
Cash flows from operating activities	**(2,541,533)**	11,615,429
Income taxes paid	**(2,208,042)**	(1,910,373)
Net cash flows from operating activities	**(4,749,575)**	9,705,056
Investing activities		
Purchase of property, plant and equipment	**(1,849,851)**	(630,583)
Purchase of intangibles	**(31,886)**	(42,313)
Finance income	**82,219**	12,603
Acquisition of subsidiary, net of cash acquired	**(6,397,858)**	(792,188)
Net cash flows used in investing activities	**(8,197,376)**	(1,452,481)
Financing activities		
Issue of shares	**148,859**	200,000
Loans repaid	**(6,000,000)**	(1,252)
Loans received	**13,175,000**	1,000,000
Finance expense	**(316,895)**	(476,393)
Dividends paid	**(3,365,287)**	(2,158,341)
Net cash flows from financing activities	**3,641,677**	(1,435,986)
Net (decrease)/increase in cash and cash equivalents	**(9,305,274)**	6,816,589
Translation loss on cash and cash equivalents	**(25,378)**	(8,132)
Cash and cash equivalents at beginning of period	**15,823,137**	9,014,680
Cash and cash equivalents at end of period	**6,492,485**	15,823,137

The notes on pages 23 to 52 form part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 July 2015

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 pages 53 to 60.

Utilitywise plc is incorporated and domiciled in the United Kingdom.

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

Basis of consolidation

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

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

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

Utilitywise plc acquired the entire share capital of t-mac Technologies Limited 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. For existing customers where the contract has already gone live the market can provide pricing opportunities to extend an existing contract with the same supplier. In these circumstances revenue is recognised when the contract extension is signed. All procurement revenue in the Enterprise Division is recognised on this basis.

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

31 July 2015

1. Accounting policies *continued*

Prior year adjustment

The financial statements have been adjusted to reflect the correction of an error made in the financial statements for the year ended 31 July 2013 and 2014, which has led to the restatements of the 2013 and 2014 results. This arose following management's review of the revenue provision calculation. The conclusion of the review was that the rate used to calculate the estimated variability in value was too low and also the provision was held for 24 months and then released which did not reflect the lengthening of contract terms the Group was experiencing. Whilst earlier periods will have been affected, it was not possible to collect the required information that would have been available at the time the previous financial statements were authorised for issue; therefore, for periods prior to 2013, it is impracticable to correct prior period errors retrospectively and the first period of adjustment reflects the impact of any previous amendment.

The following financial statement extracts show the impact of the prior period adjustments to the Group's financial statements.

Consolidated statement of profit and loss and other comprehensive income

	2014
Revenue pre-adjustment	48,641,855
Adjustment	305,304
Revenue post-adjustment	48,947,159
Tax expense pre-adjustment	2,101,925
Adjustment	68,180
Tax expense post-adjustment	2,170,105

Consolidated statement of financial position

	2014	2013
Non-current assets		
Accrued revenue pre-adjustment	13,068,221	7,269,680
Adjustment	(2,856,978)	(3,098,168)
Accrued revenue post-adjustment	10,211,243	4,171,512
Current assets		
Trade and other receivables pre-adjustment	14,717,485	8,554,629
Adjustment	(759,450)	(823,564)
Trade and other receivables post-adjustment	13,958,035	7,731,065
Corporation tax asset pre-adjustment	–	–
Adjustment	556,895	–
Corporation tax asset post-adjustment	556,895	–
Current liabilities		
Corporation tax liability pre-adjustment	303,200	1,357,362
Adjustment	(303,200)	(928,274)
Corporation tax liability post-adjustment	–	429,088

Consolidated statement of changes in equity

	2014	2013
Retained earnings BF pre-adjustment	8,460,236	4,814,894
Adjustment	(2,993,363)	–
Retained earnings BF post-adjustment	5,466,873	4,814,894
Profit for the year pre-adjustment	9,266,038	4,758,206
Adjustment	237,124	(2,993,363)
Profit for the year post-adjustment	9,503,162	1,764,843

1. Accounting policies *continued*

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 consolidated statement of profit or loss and other comprehensive income and the notes to the financial statements as exceptional items. Management believes that the separate disclosure of these items is relevant to the understanding of the Group's financial performance.

Foreign currencies

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

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

Retirement benefits: defined contribution schemes

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

Share based payments

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

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

Dividends

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

Goodwill

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

31 July 2015

1. Accounting policies *continued*

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 is recognised in the consolidated statement of profit or loss and other comprehensive income as incurred.

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

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

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

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

Property, plant and equipment

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

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

Improvements to property - period of lease

Freehold property - 2% on cost

Plant and machinery - 10–20% on cost

Fixtures and fittings - 25% on cost or 15% on reducing balance

Motor vehicles - 33% on cost or 25% on reducing balance

Computer equipment - 33% on cost

Computer software - 25% on cost

1. Accounting policies *continued*

Impairment of non-financial assets

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

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

Impairment charges are included in the consolidated statement of profit or loss and other comprehensive income, except to the extent they reverse previous gains recognised in the consolidated statement of profit or loss and other comprehensive income. An impairment loss recognised for goodwill is not reversed.

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 consolidated statement of profit or loss and other comprehensive income.

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

Cash and cash equivalents include cash held at bank 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 to the consolidated statement of profit or loss and other comprehensive income for existing shares listed and to the share premium for new shares listed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

31 July 2015

1. Accounting policies *continued*

Leased assets

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

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

Deferred taxation

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

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

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

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

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

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

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

Inventories

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

Government grants

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

1. Accounting policies *continued*

Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker has been identified as the management team including the Chief Executive Officer, the Chief Operating Officer and the Chief Financial Officer. The Group reports to the Board under both UK GAAP and IFRSs. Underlying accounting information is prepared under UK GAAP and the adjustments noted within this report taking results to IFRSs are made for the purpose of reporting to the Board and external reporting.

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

Operating segments are determined based on the internal reporting information and management structure within the Group. Information regarding the results of the reportable segment is included within this report. Performance is based on segment operating profit or loss before share based payment charges, depreciation, amortisation and acquisition costs, as reported in the internal management reports that are reviewed by the chief operating decision maker (CODM). The segment operating profit or loss is used to measure performance. Revenues 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, the Republic of Ireland and certain European markets. The Corporate Division derives its revenues from energy procurement of larger industrial and commercial customers, often providing an account care service and offering a variety of utility management products and services designed to help customers manage their energy consumption.

2. Critical accounting estimates and judgements

The Group makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including the expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Judgements and accounting estimates and assumptions

(a) Revenue recognition

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

The fair value estimate is to be reassessed on an ongoing basis to ensure it remains appropriate. The assessment of the variability is based on the maturing contract portfolio in the prior year and these are assumed to have similar characteristics to those that are still running. Contract lengths which over the life of the business have extended could introduce further variability. 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 £627,139 on contracts that went live during the period. The cumulative impact of adjusting all live contracts at the year end by 1% would be a movement of £1,014,997.

Management has estimated the future cash flows from revenue and applied a 3% discount rate to reflect the risk associated with the cash flows. This discount rate is deemed to be an appropriate reflection of the risks relating to these cash flows, having reviewed the external financing conditions appropriate to utilities providers. Should a different discount rate be applied then reported profits would change. A 0.5% movement in the discount rate would result in a change in profit of £343,297.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

31 July 2015

2. Critical accounting estimates and judgements *continued*

Judgements and accounting estimates and assumptions *continued*

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

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

(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 t-mac Technologies Limited totalling £6,000,000, net of discounting. 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 earn-out period, as earn-out values are based on an EBITDA multiple. Upon settlement the contingent consideration will be satisfied as 70% cash with the remaining consideration satisfied in shares. Should actual EBITDA performance be different to 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 consolidated statement of profit or loss and other comprehensive income.

(f) Property, plant and equipment

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

(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.

2. Critical accounting estimates and judgements *continued*

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:

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

IFRS 15 Revenue from Contracts with Customers (1 January 2017)

IFRS 9 Financial Instruments (1 January 2018)

The following new and amended IFRSs, IASs 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)

Defined Benefit Plans: Employee Contributions (Amendments to IAS 19) (1 February 2015)

The following IFRSs, IASs 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)

IFRS 14 Regulatory Deferral Accounts (effective 1 January 2016)

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

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

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

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

Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28) (effective 1 January 2016)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

31 July 2015

3. Financial instruments: risk management

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

The Group is exposed to the following financial risks:

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

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

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

To the extent financial instruments are not carried at fair value in the consolidated statement of financial position, book value approximates to fair value at 31 July 2015 and 31 July 2014.

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

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

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

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or a counterparty to a financial instrument fails to meet its contractual obligations. The Group is mainly exposed to credit risk from credit sales. At 31 July 2015 the Group has trade receivables and accrued revenues of £37,455,352 (2014: £22,713,877 as restated).

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 into contracts with customers with agreed credit terms.

The Group's most significant financial asset is cash and cash equivalents of £6,492,485 (2014: £15,823,137), which at 31 July 2015 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 three months.

The Directors are unaware of any factors affecting the recoverability of outstanding balances at 31 July 2015 and consequently no further provisions have been made for bad and doubtful debts.

3. Financial instruments: risk management *continued*

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 twelve-month cash flow projections on a monthly basis as well as information regarding cash balances. At the balance sheet date the Group had cash balances of £6,492,485 (2014: £15,823,137) 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 a new revolving credit facility with Royal Bank of Scotland during the financial year in order to finance the acquisition of a subsidiary company. The new revolving credit facility replaced the old revolving credit facility with Royal Bank of Scotland.

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 £46,121,263 as at 31 July 2015 (2014: £33,602,175 as restated).

The Group's objectives when maintaining capital are:

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

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

4. Segmental reporting

	31 July 2015 £	31 July 2014 (as restated) £
Revenue		
Enterprise (local GAAP)	**55,852,477**	40,370,136
Corporate (local GAAP)	**15,953,655**	9,859,510
Intersegment revenue	**(1,298,775)**	(1,252,367)
Accrued revenue	**(31,603)**	390,627
Discounting of cash flows	**(1,369,693)**	(420,747)
Total Group revenue	**69,106,061**	48,947,159

	Enterprise £	Corporate £
Segment profit	**13,123,087**	**2,709,918**
Finance income	**19,861**	**6,493**
Finance expense	**(269,575)**	**(6,441)**
Depreciation	**(333,334)**	**(531,654)**
Amortisation	**(10,931)**	**(184,539)**
Taxation	**(2,791,848)**	**(833,110)**
Profit after tax (local GAAP)	**9,737,260**	**1,160,667**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

31 July 2015

4. Segmental reporting *continued*

	31 July 2015 £	31 July 2014 (as restated) £
Profit after tax		
Enterprise (local GAAP)	**9,737,260**	4,803,910
Corporate (local GAAP)	**1,160,667**	1,304,782
Accrued revenue	**(31,603)**	390,627
Grant release	**30,790**	36,000
Discounting of cash flows, net of unwinding	**(1,358,857)**	(69,117)
Amortisation	**1,327,608**	999,891
Investment costs	**(372,194)**	(36,500)
Other accruals discounting and adjustments	**4,100**	–
IFRS deferred tax adjustments	**698,409**	73,569
Exceptional release of contingent consideration	**–**	2,000,000
Total Group profit after tax	**11,196,180**	9,503,162

	31 July 2015 £	31 July 2014 (as restated) £
Net assets		
Enterprise (local GAAP)	**27,919,465**	27,052,066
Corporate (local GAAP)	**14,070,477**	2,469,364
Accrued revenue and tax impact	**287,218**	312,502
Grant release and tax impact	**–**	(24,638)
Discounting of cash flows and tax impact	**(1,486,829)**	(394,342)
Share options	**370,204**	617,249
Amortisation	**3,696,172**	2,113,728
Investment costs	**(928,192)**	(555,998)
Exceptional release of contingent consideration	**2,000,000**	2,000,000
Business combinations	**192,748**	12,244
Group net assets	**46,121,263**	33,602,175

5. Revenue

	31 July 2015 £	31 July 2014 £
Analysis of concentration of customers comprising revenues of more than 10%		
Customer 1	**15,851,905**	17,291,227
Customer 2	**11,870,002**	7,350,935
Other	**41,384,154**	24,304,997
	69,106,061	48,947,159

The Group receives revenue from three customers representing more than 10% of Group revenue.

Revenues relate to the rendering of services.

Geographical information:	United Kingdom	Czech Republic
Revenue	£64,282,839	£4,823,222

6. Profit from operations

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

	31 July 2015 £	31 July 2014 £
Release of government grants	**(30,790)**	(36,000)
Inventories recognised as an expense	**–**	63,640
Staff costs	**39,433,341**	27,670,909
Share option expense	**695,291**	737,117
Depreciation of owned fixed assets	**734,034**	715,256
Impairment of fixed asset	**130,955**	–
Amortisation	**1,296,878**	946,391
Lease payments	**1,572,458**	895,337
Auditor's remuneration		
Audit fees	**101,168**	61,900
Audit of the parent company and consolidated financial statements	**67,518**	32,650
Audit of subsidiary companies	**33,650**	29,250
Other services		
Tax compliance	**8,650**	8,100
Tax advisory	**18,713**	55,200
Interim review	**6,171**	4,000

7. Staff costs

	31 July 2015 £	31 July 2014 £
Wages and salaries	**34,601,811**	24,987,670
Social security costs	**4,165,795**	2,474,780
Other pension costs	**665,735**	208,459
	39,433,341	27,670,909

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

	31 July 2015	31 July 2014 (as restated)
Directors	**8**	7
Staff	**1,235**	780
	1,243	787

	31 July 2015 £	31 July 2014 £
Group Directors' remuneration, included in staff costs		
Salaries	**857,542**	1,026,131
Pension contributions	**75,910**	85,440

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

	31 July 2015	31 July 2014
Money purchase schemes	**3**	4

Information regarding the highest paid Director is as follows:

	31 July 2015 £	31 July 2014 £
Salaries	**206,000**	216,979
Pension contributions	**24,000**	13,440
Gain made by Directors on share options exercised during the year	**–**	3,018,750

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

31 July 2015

8. Exceptional items

Other operating income	31 July 2015 £	31 July 2014 £
Exceptional release		
Contingent consideration	–	(2,000,000)
Administrative expense		
Exceptional release		
Provision releases	**(268,072)**	–
Exceptional costs		
Restructuring and re-organisation	**236,921**	782,795
Provisions	**–**	1,193,895
Acquisition costs and aborted acquisition costs	**601,284**	45,100
	570,133	2,021,790
	570,133	21,790

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

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

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 re-organisation costs such as settlement payments of £469k, costs of £167k incurred in the set up of a new head office which has been occupied in this financial year, as well as a dilapidations provision and an onerous lease provision for the previous premises of £422k and £772k respectively.

In the year ended 2014 there is also a credit of £2m offsetting these costs which has arose from the release of deferred consideration where earn-out criteria were not met. Exceptional items in the year ended 2014 are included in administrative expenses and other operating income in the statement of profit and loss.

9. Finance income and expenses

	31 July 2015 £	31 July 2014 £
Finance income		
Bank interest	**26,354**	12,603
Unwinding of discounting income	**55,864**	91,094
	82,218	103,697
Finance expense		
Unwinding of discounting expense	**40,879**	–
Other interest	**276,016**	476,393
	316,895	476,393

10. Tax expense

	31 July 2015 £	31 July 2014 (as restated) £
Current tax expense		
Current tax on profits for the period	**3,751,370**	2,638,086
Adjustments in respect of previous periods	**(92,687)**	(67,920)
	3,658,683	2,570,166
Deferred tax expense		
Origination and reversal of temporary differences	**(559,737)**	(349,793)
Adjustment in respect of previous periods	**(173,349)**	(50,268)
Effects of changes in tax rates	**952**	–
	(732,134)	(400,061)
Total tax expense	**2,926,549**	2,170,105
Equity items		
Origination and reversal of temporary differences	**(58,080)**	(948,677)
Adjustment in respect of previous periods	**247,045**	(617,249)
	188,965	(1,565,926)

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

	31 July 2015 £	31 July 2014 (as restated) £
Profit for the period	**14,122,729**	11,673,267
Expected tax charge based on corporation tax rate of 20.67% in 2015 (22.33% in 2014)	**2,918,568**	2,606,818
Expenses not deductible for tax purposes	**141,281**	82,073
Income not taxable for tax purposes	–	(446,630)
Current tax rate difference	–	(534)
Impact of change in tax rate in the period	**18,600**	40,429
Adjustment to tax charge in respect of previous periods – current tax	**(92,687)**	(67,920)
Adjustment to tax charge in respect of previous periods – deferred tax	**(173,349)**	(50,268)
Deferred tax not recognised	**114,136**	6,137
Total tax expense	**2,926,549**	2,170,105

11. Earnings per share

	31 July 2015 £	31 July 2014 (as restated) £
Profit		
Profit used in calculating basic and diluted profit	**11,232,144**	9,425,854
Number of shares		
Weighted average number of shares for the purpose of basic earnings per share	**75,270,221**	72,464,331
Effects of:		
Employee share options and warrants	**1,150,512**	2,593,870
Contingent shares to be issued	**474,570**	1,096,414
Weighted average number of shares for the purpose of diluted earnings per share	**76,895,303**	76,154,615

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

31 July 2015

12. Dividends

	31 July 2015 £	31 July 2014 £
Dividends paid	**3,365,287**	2,158,341

In the year a final dividend in relation to the year ended 31 July 2014 of 2.8p was paid on 74,026,651 shares. An interim dividend in relation to the year ended 31 July 2015 of 1.7p per share was paid on 76,082,349 shares, being the number of shares in issue on the date the dividend was declared. The dividend was waived on 500,000 shares for both the final dividend in relation to the year ended 31 July 2014 and the interim dividend for the year ended 31 July 2015.

A final dividend in relation to the year ended 31 July 2015 of 3.3p is proposed on 76,592,334 shares, being the number of shares in issue at the balance sheet date, totalling £2,527,547.

13. Property, plant and equipment

	Improvements to property £	Freehold property £	Computer software £	Fixtures and fittings £	Plant and machinery £	Computer equipment £	Motor vehicles £	Total £
Cost								
As at 1 August 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
As at 31 July 2014	706,791	3,308,488	588,718	273,331	74,818	1,079,328	209,177	6,240,651
Depreciation								
As 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)
As at 31 July 2014	179,639	68,746	241,647	197,578	21,685	638,770	55,054	1,403,119
Net book value								
As at 31 July 2014	527,152	3,239,742	347,071	75,753	53,133	440,558	154,123	4,837,532

	Improvements to property £	Freehold property £	Computer software £	Fixtures and fittings £	Plant and machinery £	Computer equipment £	Motor vehicles £	Total £
Cost								
As at 1 August 2014	706,791	3,308,488	588,718	273,331	74,818	1,079,328	209,177	6,240,651
Additions	1,121,428	19,881	58,421	280,191	–	379,381	–	1,859,302
Additions on acquisition	–	–	–	26,015	15,291	–	41,076	82,382
Disposals	–	–	–	(9,277)	–	–	(26,209)	(35,486)
Reclassification	–	–	–	–	–	–	–	–
As at 31 July 2015	**1,828,219**	**3,328,369**	**647,139**	**570,260**	**90,109**	**1,458,709**	**224,044**	**8,146,849**
Depreciation								
As at 1 August 2014	179,639	68,746	241,647	197,578	21,685	638,770	55,054	1,403,119
Charge for period	149,617	61,420	74,457	96,539	9,059	303,305	39,637	734,034
Impairment charge	–	–	130,955	–	–	–	–	130,955
Disposals	–	–	–	(8,460)	–	–	(12,262)	(20,722)
As at 31 July 2015	**329,256**	**130,166**	**447,059**	**285,657**	**30,744**	**942,075**	**82,429**	**2,247,386**
Net book value								
As at 31 July 2015	**1,498,963**	**3,198,203**	**200,080**	**284,603**	**59,365**	**516,634**	**141,615**	**5,899,463**

14. Goodwill

	As at 31 July 2015 £	As at 31 July 2014 £
Cost		
Opening balance	**14,851,149**	14,281,743
Additions	**10,272,142**	569,406
Closing balance	**25,123,291**	14,851,149

The Group has three cash generating units, being the Enterprise Division incorporating Utilitywise and Icon Communication Centres s.r.o. and the Corporate Division incorporating Eco Monitoring Utility Systems, Clouds Environmental Consultancy, Aqua Veritas Consulting and Energy Information Centre but excluding t-mac Technologies Limited and the additions to goodwill in the period ended 31 July 2015, arising on the acquisition of t-mac Technologies Limited create the third CGU.

The valuation of the CGUs' goodwill impairment testing has been prepared on a value in use basis. Value in use is calculated as the net present value of the projected risk-adjusted pre-tax cash flows plus a terminal value of the CGU. 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.

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

Valuation basis	**Value in use**
Key assumptions	Sales growth Profit margins Discount rates
Determination of assumptions	Growth rates are based on management estimates and forecasts 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	17%
Terminal growth rate	3%

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

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

Valuation basis	**Value in use**
Key assumptions	Sales growth Profit margins Discount rates
Determination of assumptions	Growth rates are based on management estimates and forecasts 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	17%
Terminal growth rate	3%

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

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31 July 2015

14. Goodwill *continued*

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

Valuation basis	**Value in use**
Key assumptions	Sales growth Profit margins Discount rates
Determination of assumptions	Growth rates are based on management estimates and forecasts 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	15.5%
Terminal growth rate	3%

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

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

	As at 31 July 2015 £	As at 31 July 2014 £
Enterprise Division	**569,406**	569,406
Corporate Division (excluding t-mac)	**14,281,743**	14,281,743
t-mac	**10,272,142**	–
	25,123,291	14,851,149

The recoverable amount of each CGU has been calculated with reference to its value in use. The assumptions used in calculating this are defined above. Each of the CGUs had significant headroom under the annual impairment review, which remains after allowing for reasonably possible changes in assumptions.

15. Intangible assets

	Software £	Trademarks £	Technology based £	Customer relationships £	Non-compete agreement £	Total £
Cost						
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	77,022	97,453	241,000	7,815,000	28,000	8,258,475
Depreciation						
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	73,241	18,279	77,824	1,011,596	2,333	1,183,273
Net book value						
As at 31 July 2014	3,781	79,174	163,176	6,803,404	25,667	7,075,202

15. Intangible assets *continued*

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

Technology based intangible assets arose on the acquisition of Aqua Veritas Consulting Limited in 2013 and the acquisition of t-mac Technologies Limited in 2015. Under IFRS 3 the fair value of these technology based assets has been assessed at £241,000 and £3,525,900 respectively as at the dates of acquisition. The carrying values of these assets at 31 July 2015 is £102,928 and £3,378,985 respectively. Management assesses the remaining useful life of these assets to be two years and six years respectively. It is the opinion of management that these assets are not impaired at 31 July 2015.

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

The carrying value of the customer relationships within Aqua Veritas Consulting Limited at the year end is £nil (2014: £156,895).

The carrying value of the customer relationships within Energy Information Centre Limited at the year end is £4,913,213 (2014: £5,537,113). Management assesses the remaining useful life of these relationships to be eight years.

The carrying value of the customer relationships within Icon Communication Centres s.r.o. at the year end is £967,771 (2014: £1,109,396). Management assesses the remaining useful life of these relationships to be seven years.

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

Marketing and order backlog have been valued in relation to t-mac Technologies Limited in 2015. These have been valued at £856,100 and £152,900 respectively. It is the opinion of management that these assets are not impaired at 31 July 2015.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

31 July 2015

16. Subsidiaries

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

Name	Principal activity	Ownership as at 31 July 2015	Ownership as at 31 July 2014
Eco Monitoring Utility Systems Limited *(incorporated - United Kingdom)*	Design and implementation of energy services solutions	**100%**	100%
Utilitywise Enterprise Limited *(incorporated - United Kingdom)*	Dormant	**100%**	100%
Clouds Environmental Consultancy Limited *(incorporated - United Kingdom)*	Energy and environmental consumption consultancy	**100%**	100%
Aqua Veritas Consulting Limited *(incorporated - United Kingdom)*	Consultancy services	**100%**	100%
Energy Information Centre Limited *(incorporated - United Kingdom)*	Provision of energy information and consultancy services	**100%**	100%
EIC Energy Trading Limited *(incorporated - United Kingdom)*	Dormant	**100%**	100%
Broadfern Properties Limited *(incorporated - United Kingdom)*	Dormant	**100%**	100%
Icon Communication Centres s.r.o. *(incorporated - Czech Republic)*	Provision of contact centre services	**100%**	100%
Utilitywise Franchising Limited *(incorporated - United Kingdom)*	Dormant	**100%**	100%
Utilitywise Deutschland GmbH *(incorporated - Germany)*	Dormant	**100%**	–
t-mac Technologies Limited *(incorporated - United Kingdom)*	Provision of energy information and consultancy services	**100%**	–

17. Inventories

	As at 31 July 2015 £	As at 31 July 2014 £
Finished goods	**642,825**	97,983

18. Trade and other receivables

	As at 31 July 2015 £	As at 31 July 2014 £
Current		
Trade receivables	**5,942,412**	4,117,128
Prepayments	**1,461,841**	1,455,401
Accrued revenue	**8,535,046**	8,385,506
	15,939,299	13,958,035
Non-current		
Accrued revenue	**22,977,894**	10,211,243
	22,977,894	10,211,243

18. Trade and other receivables *continued*

The ageing analysis of trade receivables is as follows:

	As at 31 July 2015 £	As at 31 July 2014 £
Up to 3 months	**5,734,690**	2,731,833
3 to 6 months	**165,926**	517,845
Older than 6 months	**41,796**	867,450
	5,942,412	4,117,128

Within trade and other receivables £41,796 are deemed past due but fully recoverable at the year-end date (2014: £nil). The quality of the credit is identified as high due to the significant amount of debt owed by blue chip companies. Any cash amounts received in advance of services performed are available for set-off against accrued revenue balances. The accrued revenue and cash received in advance balances included within trade and other receivables have been discounted at 3%.

19. Trade and other payables

	As at 31 July 2015 £	As at 31 July 2014 £
Current		
Trade payables	**2,782,645**	1,513,910
Accruals	**3,860,253**	5,309,628
Deferred revenue	**3,222,241**	2,502,689
Contingent consideration	**1,174,545**	985,386
Social security and other taxes	**5,509,538**	6,607,152
Directors' loan account	–	138,938
Deferred government grant	–	30,790
Other creditors	**581,790**	475,514
	17,131,012	17,564,007
Non-current		
Accruals and deferred revenue	**4,753,000**	7,918,457
Contingent consideration	**4,565,773**	–
Other creditors	**21,231**	–
	9,340,004	7,918,457

The table below summarises the maturity profile of the Group's financial liabilities as at 31 July 2015, based on contractual undiscounted payments.

	Less than three months £	Three to twelve months £	One to five years £	Over five years £	Total £
31 July 2015					
Trade payables	**2,146,678**	**635,967**	–	–	**2,782,645**
Accruals	**3,566,215**	**106,673**	**568,923**	**1,280,077**	**5,521,888**
Contingent consideration	–	**1,174,545**	**4,565,773**	–	**5,740,318**
Other creditors	**581,790**	–	**21,231**	–	**603,021**
Revolving credit facility	–	–	**13,175,000**	–	**13,175,000**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

31 July 2015

19. Trade and other payables *continued*

The revolving credit facility incurs interest as outlined in note 20. The future interest commitments are dependent on the level of drawdown and the resulting interest rate applied. Should the balance as at 31 July remain unchanged throughout the year, interest payable would be £276,675.

	Less than three months £	Three to twelve months £	One to five years £	Over five years £	Total £
31 July 2014					
Trade payables	1,125,022	388,888	–	–	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

The future interest commitments on the revolving credit facility are dependent on the level of drawdown and the resulting interest rate applied. Should the balance as at 31 July 2014 remain unchanged throughout the year, interest payable would be £159,816.

The ageing analysis of trade payables is as follows:

	As at 31 July 2015 £	As at 31 July 2014 £
Up to 3 months	**2,146,678**	1,125,022
3 to 6 months	**549,549**	347,413
Older than 6 months	**86,418**	41,475
	2,782,645	1,513,910

Book values approximate to fair values at 31 July 2015 and 31 July 2014.

20. Loans and borrowings

	31 July 2015 £	31 July 2014 £
Revolving credit facility	**13,175,000**	6,000,000
Total loans and borrowings	**13,175,000**	6,000,000

Book values approximate to fair values at 31 July 2015 and 31 July 2014.

During the financial year the Group entered into a new revolving credit facility replacing the revolving credit facility in place during 2014. The maximum drawdown on this facility is £25m (2014: £9m). The Group has undrawn borrowing facilities available at 31 July 2015 of £11.8m. Interest is charged on the facility at a rate of LIBOR + 1.60% (2014: LIBOR + 1.75%). The new facility expires on 20 April 2019.

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

21. Deferred tax

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 20%.

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

	Accelerated tax depreciation £	Share based payments £	Tax losses £	Intangible assets £	Short-term temporary timing differences £	Total £
As at 1 August 2013	690,380	–	–	1,352,500	(84,763)	1,958,117
Arising on business combinations	–	–	–	220,590	–	220,590
Acquired on acquisition	(6,458)	–	(15,695)	–	(6,607)	(28,760)
Tax expense	(16,653)	(122,837)	14,401	(185,986)	(88,981)	(400,056)
Credit to equity	–	(617,249)	–	–	–	(617,249)
As at 31 July 2014	667,269	(740,086)	(1,294)	1,387,104	(180,351)	1,132,642
Acquired on acquisition	–	–	–	1,247,440	–	1,247,440
Credit to equity	–	247,045	–	–	–	247,045
Acquired on acquisition	3,007	–	–	–	–	3,007
Tax expense	(60,091)	(161,122)	–	(254,835)	(256,085)	(732,133)
As at 31 July 2015	**610,185**	**(654,163)**	**(1,294)**	**2,379,709**	**(436,436)**	**1,898,001**

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

22. Provisions

	Onerous lease £	Dilapidations £	Total £
As at 1 August 2014	772,145	421,750	1,193,895
Utilised in the year	(300,371)	(21,750)	(322,121)
As at 31 July 2015	**471,774**	**400,000**	**871,774**
Due in less than one year	303,550	400,000	703,550
Due in more than one year	168,224	–	168,224
	471,774	**400,000**	**871,774**

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

Under IFRSs the provision has been discounted at 17%, 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 of £400,000 has also been recognised on the premises in line with the terms of the lease.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

31 July 2015

23. Share capital

	2015		2014	
	Number	£	Number	£
Share capital issued and fully paid				
Ordinary shares of £0.001 each				
As at 1 August	**74,514,151**	**74,514**	71,858,078	71,858
Warrants exercised	**—**	**—**	333,332	333
Deferred consideration	**30,701**	**31**	253,290	253
Consideration	**1,782,319**	**1,783**	30,701	31
SAYE options exercised	**10,670**	**11**	—	—
CSOP options exercised	**115,032**	**115**	—	—
LTIP options exercised	**139,461**	**139**	2,038,750	2,039
As at 31 July	**76,592,334**	**76,593**	74,514,151	74,514

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

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

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

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

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

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

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

On 16 June 2015 a further 9,985 shares were issued pursuant to the exercise of options over such shares, leading to additions to share capital of £10 and additions to share premium of £6,740.

24. Reserves

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

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

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

25. Leases

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

	31 July 2015 £	31 July 2014 £
Not later than one year	**992,560**	771,899
Later than one year and not later than five years	**3,814,405**	2,280,711
Later than five years	**11,409,042**	12,763,455
	16,216,007	15,816,065

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 no capital commitments. As at 31 July 2014 the Group had capital commitments of £774,266 in relation to the fit out of the new head office.

27. Related party transactions

Compensation of key management personnel (including Directors)

	31 July 2015 £	31 July 2014 £
Wages and salaries	**1,482,788**	2,032,164
Social security costs	**168,935**	220,570
Pension contributions	**118,930**	117,107
Share option expense	**56,388**	130,563
	1,827,041	2,500,404

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

During the year payments totalling £60,000 (2014: £116,511) were made for services received from R Feigen and this was invoiced through Hub Capital Partners Limited, of which R Feigen is a director. This has been disclosed within Directors' emoluments. The balance outstanding as at 31 July 2015 was £Nil (2014: £18,293).

During the year payments totalling £30,000 (2014: £22,500) were made for services received from J Middleton and this was invoiced through Middleton Enterprises Limited, of which J Middleton is a director. This has been disclosed within Directors' emoluments. The balance outstanding as at 31 July 2015 was £2,500 (2014: £7,500).

During the year payments totalling £nil (2014: £2,500) were made to Grace House North East, of which T Maxfield is a director. The balance outstanding as at 31 July 2015 was £nil (2014: £nil).

During the year payments totalling £14,400 (2014: £15,660) were made for services received from the Entrepreneurs' Forum, of which G Thompson was a director. G Thompson resigned as a director of the Entrepreneurs' Forum on 6 October 2014. The balance outstanding as at 31 July 2015 was £7,525 (2014: £4,450).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

31 July 2015

27. Related party transactions *continued*

Compensation of key management personnel (including Directors) *continued*

The following loans to/(from) Directors existed during the years ended 31 July 2015 and 31 July 2014.

	31 July 2015 £	31 July 2014 £
G Thompson		
Opening balance	**3,000**	(21,575)
Amounts advanced	—	—
Amounts repaid	**(3,000)**	24,575
Closing balance	—	3,000
R Feigen		
Opening balance	**(141,938)**	—
Amounts advanced	—	(141,938)
Amounts repaid	**141,938**	—
Closing balance	—	(141,938)

The loans were interest free and repayable on demand.

28. Acquisition of t-mac Technologies Limited

Utilitywise plc acquired the entire share capital of t-mac Technologies Limited on 21 April 2015 for £16,169,169 in order to enhance the service offering provided by the Group and deepen Group client relationships.

Consideration consisted of both cash payments and the issue of shares, an element of which is contingent on the performance of t-mac Technologies Limited to 21 April 2017. Contingent consideration has been included as a best estimate of amounts payable.

Goodwill on consolidation has been calculated as follows:

	£
Amount of consideration	**16,169,169**
Discounting on contingent consideration	**(300,561)**
Net consideration	**15,868,608**
Fair value of net assets acquired:	
Property, plant and equipment	**80,982**
Inventory	**499,387**
Receivables	**577,409**
Cash	**21,311**
Payables	**(569,376)**
Provisions	**(3,007)**
Intangible assets	
Customer related	**1,702,300**
Technology based	**3,525,900**
Marketing related	**856,100**
Order backlog	**152,900**
Deferred tax liability	**(1,247,440)**
Net assets	**5,596,466**
Goodwill (note 14)	**10,272,142**
Consideration:	
Cash paid	**6,250,000**
Shares issued	**3,750,000**
Working capital payment	**169,169**
Net contingent consideration	**5,699,439**
Total consideration	**15,868,608**

28. Acquisition of t-mac Technologies Limited *continued*

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 £12,000,000. At the point of acquisition, management's estimate of the fair value of the contingent settlement was £6,000,000. This is split between cash and shares. All of the contingent consideration is discounted at a discount rate of 2.9% and 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 t-mac Technologies Limited has generated revenue of £1,674,125 and a profit before tax of £251,605, which are included in the consolidated statement of profit or loss and other comprehensive income.

Assuming t-mac Technologies Limited was acquired at the beginning of the annual reporting period, Group revenue would be £73,464,818 and profit before tax would be £14,729,020.

29. Share based payments

The Group operates equity-settled LTIP remuneration schemes for Directors and certain management. The only vesting conditions attached to the options are that the individual must remain an employee of the Group for a minimum period. The Group also issues warrants to third-party companies. LTIP options were issued on 12 June 2012, 6 August 2013, 20 May 2014, 22 January 2015, 30 April 2015 and 30 June 2015. Warrants were issued on 12 June 2012.

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

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

LTIP scheme 1

	2015		2014 (as restated)	
	Number of share options	**Weighted average exercise price**	Number of share options	Weighted average exercise price
As at 1 August	**75,000**	**60p**	2,101,250	60p
Forfeited during the year	**(12,500)**	**60p**	(12,500)	60p
Exercised during the year	**(25,000)**	**60p**	(2,013,750)	60p
Outstanding as at 31 July	**37,500**	**60p**	75,000	60p
Exercisable as at 31 July	**37,500**	**60p**	75,000	60p

LTIP scheme 2

	2015		2014	
	Number of share options	**Weighted average exercise price**	Number of share options	Weighted average exercise price
As at 1 August	**737,208**	**135p**	–	–
Granted during the year	**–**	**–**	866,484	135p
Forfeited during the year	**(25,572)**	**135p**	(129,276)	135p
Exercised during the year	**(114,461)**	**135p**	–	–
Outstanding as at 31 July	**597,175**	**135p**	737,208	135p
Exercisable as at 31 July	**–**	**–**	–	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

31 July 2015

29. Share based payments *continued*

LTIP scheme 3

	2015		2014 (as restated)	
	Number of share options	**Weighted average exercise price**	Number of share options	Weighted average exercise price
As at 1 August	**125,000**	**325p**	–	–
Granted during the year	–	–	125,000	325p
Outstanding as at 31 July	**125,000**	**325p**	125,000	325p
Exercisable as at 31 July	–	–	–	–

LTIP scheme 4

	2015		2014	
	Number of share options	**Weighted average exercise price**	Number of share options	Weighted average exercise price
As at 1 August	–	–	–	–
Granted during the year	**441,771**	**219p**	–	–
Forfeited during the year	**(10,274)**	**219p**	–	–
Outstanding as at 31 July	**431,497**	**219p**	–	–
Exercisable as at 31 July	–	–	–	–

LTIP scheme 5

	2015		2014	
	Number of share options	**Weighted average exercise price**	Number of share options	Weighted average exercise price
As at 1 August	–	–	–	–
Granted during the year	**67,779**	**220p**	–	–
Outstanding as at 31 July	**67,779**	**220p**	–	–
Exercisable as at 31 July	–	–	–	–

LTIP scheme 6

	2015		2014	
	Number of share options	**Weighted average exercise price**	Number of share options	Weighted average exercise price
As at 1 August	–	–	–	–
Granted during the year	**350,000**	**268p**	–	–
Outstanding as at 31 July	**350,000**	**268p**	–	–
Exercisable as at 31 July	–	–	–	–

SAYE scheme 1

	2015		2014	
	Number of share options	**Weighted average exercise price**	Number of share options	Weighted average exercise price
As at 1 August	**599,760**	**67.6p**	746,090	67.6p
Forfeited during the year	**(47,419)**	**67.6p**	(146,330)	67.6p
Exercised during the year	**(9,985)**	**67.6p**	–	–
Outstanding as at 31 July	**542,356**	**67.6p**	599,760	67.6p
Exercisable as at 31 July	–	–	–	–

29. Share based payments *continued*

SAYE scheme 2

	2015		2014	
	Number of share options	**Weighted average exercise price**	Number of share options	Weighted average exercise price
As at 1 August	**438,579**	**160.4p**	–	–
Granted during the year	**–**	**–**	470,419	160.4p
Forfeited during the year	**(109,829)**	**160.4p**	(31,840)	160.4p
Exercised during the year	**(685)**	**160.4p**	–	–
Outstanding as at 31 July	**328,065**	**160.4p**	438,579	160.4p
Exercisable as at 31 July	**–**	**–**	–	–

SAYE scheme 3

	2015		2014	
	Number of share options	**Weighted average exercise price**	Number of share options	Weighted average exercise price
As at 1 August	**–**	**–**	–	–
Granted during the year	**368,937**	**229p**	–	–
Forfeited during the year	**(63,508)**	**229p**	–	–
Outstanding as at 31 July	**305,429**	**229p**	–	–
Exercisable as at 31 July	**–**	**–**	–	–

CSOP scheme 1

	2015		2014 (as restated)	
	Number of share options	**Weighted average exercise price**	Number of share options	Weighted average exercise price
As at 1 August	**979,411**	**85p**	1,072,058	85p
Forfeited during the year	**(61,765)**	**85p**	(92,647)	85p
Exercised during the year	**(70,588)**	**85p**	–	–
Outstanding as at 31 July	**847,058**	**85p**	979,411	85p
Exercisable as at 31 July	**–**	**–**	–	–

CSOP scheme 2

	2015		2014	
	Number of share options	**Weighted average exercise price**	Number of share options	Weighted average exercise price
As at 1 August	**755,557**	**135p**	–	–
Granted during the year	**22,222**	**135p**	844,445	135p
Forfeited during the year	**(22,222)**	**135p**	(88,888)	135p
Exercised during the year	**(44,444)**	**135p**	–	–
Outstanding as at 31 July	**711,113**	**135p**	755,557	135p
Exercisable as at 31 July	**–**	**–**	–	–

CSOP scheme 3

	2015		2014	
	Number of share options	**Weighted average exercise price**	Number of share options	Weighted average exercise price
As at 1 August	**–**	**–**	–	–
Granted during the year	**875,561**	**219p**	–	–
Forfeited during the year	**(3,424)**	**219p**	–	–
Outstanding as at 31 July	**872,137**	**219p**	–	–
Exercisable as at 31 July	**–**	**–**	–	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

31 July 2015

29. Share based payments *continued*

Warrants

	2015		2014	
	Number of share options	**Weighted average exercise price**	Number of share options	Weighted average exercise price
As at 1 August	–	–	333,332	60p
Exercised during the year	–	–	(333,332)	60p
Outstanding as at 31 July	–	–	–	–
Exercisable as at 31 July	–	–	–	–

The vesting period of the LTIP remuneration schemes is two years. The vesting period of the CSOP remuneration schemes and the SAYE schemes 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 schemes is 3.75 years.

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

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

	CSOP 1	CSOP 2	CSOP 3	SAYE 1	SAYE 2	SAYE 3	Warrants
Risk free interest rate	0.83%	1.39%	0.96%	0.64%	1.38%	1.29%	0.26%
Expected volatility	41.6%	40.7%	32.7%	39.0%	30.9%	33.1%	33.0%
Expected option life (in years)	5	5	5	3.75	3.6	5	2
Weighted average share price (in pence)	85	135	215	89	240.5	284	60
Weighted average exercise price (in pence)	85	135	219	67.6	160.4	229	60
Weighted average fair value of options granted (in pence)	32	38	51	36	90	97	11

The share based remuneration expense comprises:

	2015	2014
Equity settled - LTIP 1 and 2	**194,850**	336,988
Equity settled - SAYE 1 and 2	**224,683**	183,764
Equity settled - CSOP 1 and 2	**275,758**	200,810
Warrants	–	15,555
	695,291	737,117

COMPANY BALANCE SHEET

31 July 2015

	Note	As at 31 July 2015 £	As at 31 July 2014 (as restated) £
Non-current assets			
Tangible assets	4	**2,390,625**	999,950
Intangible assets	5	**33,914**	12,959
Fixed asset investments	6	**41,392,290**	24,440,944
Debtors	7	**25,259,361**	11,936,973
Total non-current assets		**69,076,190**	37,390,826
Current assets			
Stock		**–**	73,438
Debtors	7	**14,955,035**	12,123,761
Cash at bank and in hand		**4,780,292**	13,837,556
Total current assets		**19,735,327**	26,034,755
Current liabilities			
Creditors: amounts falling due within one year	8	**22,841,674**	17,510,052
Total current liabilities		**22,841,674**	17,510,052
Net current (liabilities)/assets		**(3,106,347)**	8,524,703
Non-current liabilities			
Creditors: amounts falling due after more than one year	9	**22,801,870**	14,855,138
Provision for liabilities	11	**917,071**	1,222,222
Total non-current liabilities		**(23,718,941)**	(16,077,360)
Net assets		**42,250,902**	29,838,169
Equity attributable to equity holders of the parent company			
Called-up share capital	12	**76,593**	74,514
Share premium	13	**12,873,498**	12,477,889
Merger reserve	13	**9,531,644**	5,783,427
Share option reserve	13	**1,229,540**	614,185
Retained earnings	13	**18,539,627**	10,888,154
Total equity		**42,250,902**	29,838,169

The financial statements on pages 53 to 60 were approved by the Board of Directors and authorised for issue on 27 October 2015 and are signed on its behalf by:

Geoff Thompson
Chief Executive Officer
27 October 2015

Financial statements

NOTES TO THE COMPANY FINANCIAL STATEMENTS

31 July 2015

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 procurement services 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.

Prior year adjustment

Refer to consolidated notes on page 24 for further explanation of the prior year adjustment. The following financial statement extract shows the impact of the prior period adjustments to the Company's financial statements.

Company balance sheet

	2014	2013
Non-current assets		
Debtors pre-adjustment	14,793,951	11,149,283
Adjustment	(2,856,978)	(3,098,168)
Debtors post-adjustment	11,936,973	8,051,115
Current assets		
Debtors pre-adjustment	12,883,211	11,080,870
Adjustment	(759,450)	(823,564)
Trade post-adjustment	12,123,761	10,257,306
Creditors		
Amounts falling due within one year pre-adjustment	18,370,147	14,437,551
Adjustment	(860,095)	(928,274)
Amounts falling due within one year post-adjustment	17,510,052	13,509,277
Equity attributable to equity holders of the Company		
Retained earnings pre-adjustment	13,644,487	8,396,716
Adjustment	(2,756,333)	(2,993,458)
Retained earnings post-adjustment	10,888,154	5,403,258

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

1. Accounting policies *continued*

Investments

Investments are stated at cost less any provision for impairment.

Trademarks

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

Deferred taxation

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

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

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

Deferred tax balances are not discounted.

Pension costs

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

Operating lease agreements

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

Grants

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

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 £10,911,954 (2014: £6,342,712 as restated), which is dealt with in the financial statements of the parent company.

NOTES TO THE COMPANY FINANCIAL STATEMENTS CONTINUED

31 July 2015

3. Staff costs

	31 July 2015 £	31 July 2014 £
Wages and salaries	**24,597,545**	19,447,567
Social security costs	**2,469,910**	1,978,053
Other pension costs	**504,942**	121,388
Share option expense	**395,566**	543,129
	27,967,963	22,090,137

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

	31 July 2015	31 July 2014
Directors	**8**	7
Staff	**817**	603
	825	610

	31 July 2015 £	31 July 2014 £
Directors' remuneration, included in staff costs		
Salaries	**857,542**	1,026,131
Pension contributions	**75,910**	85,440

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

	31 July 2015	31 July 2014
Money purchase schemes	**3**	4

Information regarding the highest paid Director is as follows:

	31 July 2015 £	31 July 2014 £
Salaries	**206,000**	216,979
Pension contributions	**24,000**	13,440

4. Tangible fixed assets

	Improvements to property £	Computer software £	Fixtures and fittings £	Computer equipment £	Motor vehicles £	Total £
Cost						
As at 1 August 2014	291,367	457,762	270,880	843,799	18,868	1,882,676
Additions	1,121,428	58,422	293,736	324,184	46,609	1,844,379
Disposals	–	–	–	–	(12,328)	(12,328)
As at 31 July 2015	**1,412,795**	**516,184**	**564,616**	**1,167,983**	**53,149**	**3,714,727**
Depreciation						
As at 1 August 2014	10,545	241,647	193,288	433,248	3,998	882,726
Charge for the period	72,839	74,457	95,649	198,460	4,787	446,192
Disposals	–	–	–	–	(4,816)	(4,816)
As at 31 July 2015	**83,384**	**316,104**	**288,937**	**631,708**	**3,969**	**1,324,102**
Net book value						
As at 31 July 2015	**1,329,411**	**200,080**	**275,679**	**536,275**	**49,180**	**2,390,625**
As at 31 July 2014	280,822	216,115	77,592	410,551	14,870	999,950

5. Intangible assets

	Trademarks £
Cost	
As at 1 August 2014	15,645
Additions	31,886
As at 31 July 2015	**47,531**
Depreciation	
As at 1 August 2014	2,686
Charge for the period	10,931
As at 31 July 2015	**13,617**
Net book value	
As at 31 July 2015	**33,914**
As at 31 July 2014	12,959

6. Fixed asset investments

	Shares in subsidiaries £
Cost	
As at 1 August 2014	24,440,944
Additions	16,951,346
As at 31 July 2015	**41,392,290**
Amounts written off	
As at 1 August 2014	–
Charge for the period	–
As at 31 July 2015	**–**
Net book value	
As at 31 July 2015	**41,392,290**
As at 31 July 2014	24,440,944

The additions in the year relate to the acquisition of t-mac Technologies Limited and Group reconstruction. 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 and Utilitywise Deutschland GmbH, which is registered in Germany.

NOTES TO THE COMPANY FINANCIAL STATEMENTS CONTINUED

31 July 2015

7. Debtors

	2015 £	2014 (as restated) £
Amounts falling due within one year		
Trade debtors	**3,107,632**	2,505,785
Prepayments and accrued income	**8,846,789**	9,000,650
Amounts owed by subsidiaries	**2,856,631**	471,981
Deferred tax (note 11)	**143,983**	145,345
	14,955,035	12,123,761
Amounts falling due after more than one year		
Amounts owed by subsidiaries	–	–
Prepayments and accrued income	**25,259,361**	11,936,973
	25,259,361	11,936,973

8. Creditors: amounts falling due within one year

	2015 £	2014 (as restated) £
Trade creditors	**1,889,044**	1,232,262
Social security and other taxes	**4,261,208**	4,793,115
Directors' loan account	–	138,938
Accruals and deferred income	**6,708,589**	8,018,254
Amounts owed to subsidiaries	**9,837,290**	3,244,384
Other creditors	**145,543**	83,099
	22,841,674	17,510,052

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

	2015 £	2014 £
Amounts owed to subsidiaries	–	–
Accruals and deferred income	**9,605,639**	8,855,138
Other creditors	**21,231**	–
Revolving credit facility	**13,175,000**	6,000,000
	22,801,870	14,855,138

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

Included within accruals in the current year is £6,000,000 in relation to contingent consideration for the acquisition of t-mac Technologies Limited. Included within accruals in the prior year is £985,384 in relation to contingent consideration for the acquisition of Icon Communication Centres s.r.o.

10. Operating lease commitments

Operating lease commitments

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

	Land and buildings	
	2015 **£**	2014 £
Expiring:		
Within one year	**–**	–
Between one and five years	**322,000**	328,889
In more than five years	**1,265,713**	1,265,713
	1,587,713	1,594,602

	Other operating leases	
	2015 **£**	2014 £
Expiring:		
Within one year	**184,038**	73,061
Between one and five years	**487,832**	200,391
In more than five years	**–**	–
	671,870	273,452

11. Provision for liabilities

	2015 **£**	2014 £
Onerous lease	**517,071**	822,222
Dilapidations	**400,000**	400,000
	917,071	1,222,222

	Deferred tax (see note 7) £	Dilapidations £	Onerous lease £
As at 1 August 2014	(145,345)	400,000	822,222
Charged to profit and loss account	39,409	–	–
Adjustment in respect of previous year	(38,047)	–	–
Utilised in the year	–	–	(305,151)
As at 31 July 2015	**(143,983)**	**400,000**	**517,071**

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

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

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

12. Share capital

Allotted and issued:

	2015 **£**	2014 £
76,592,334 ordinary shares of £0.001 each	**76,593**	74,514

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

NOTES TO THE COMPANY FINANCIAL STATEMENTS CONTINUED

31 July 2015

13. Reserves

	Retained earnings £	Share premium account £	Merger reserve £	Share option reserve £
Balance brought forward (as restated)	**10,888,154**	**12,477,889**	**5,783,427**	**614,185**
Profit for the year	**10,911,954**	–	–	–
Dividends paid	**(3,365,287)**	–	–	–
Shares issued	–	**395,609**	**3,748,217**	–
Tax on equity items	**24,870**	–	–	–
Share option expense	–	–	–	**695,291**
Reserves transfer relating to share based payments	**79,936**	–	–	**(79,936)**
Balance carried forward	**18,539,627**	**12,873,498**	**9,531,644**	**1,229,540**

14. Opening and closing shareholders' funds

	2015 £	2014 (as restated) £
Opening shareholders' funds	**29,838,169**	22,253,490
Profit for the year	**10,911,954**	6,342,712
Dividends	**(3,365,287)**	(2,158,341)
Tax on equity items	**24,870**	948,677
Share option expense	**695,291**	737,117
Additions to share capital	**2,079**	2,656
Additions to share premium	**395,609**	1,613,124
Additions to merger reserve	**3,748,217**	98,734
Closing shareholders' funds	**42,250,902**	29,838,169

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 £60,000 (2014: £116,511) were made for services received from Hub Capital Partners Limited, of which R Feigen is a director.

During the year payments totalling £30,000 (2014: £22,500) were made for services received from Middleton Enterprises Limited, of which J Middleton is a director.

During the year payments totalling £nil (2014: £2,500) were made to Grace House North East, of which T Maxfield is a director.

During the year payments totalling £14,400 (2014: £15,660) were made for services received from the Entrepreneurs' Forum, of 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.

COMPANY INFORMATION

Directors
G Thompson

A Richardson

J Kempster

S Attwell

R Feigen

P Hailes

T Maxfield

J Middleton

Secretary
J Kempster

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Banker
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Utilitywise plc's commitment to environmental issues is reflected in this Annual Report which has been printed on Claro Silk, an FSC® Mix Certified paper, which ensures that all virgin pulp is derived from well-managed forests and other responsible sources.

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