

**UTILITYWISE PLC**

**CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 JULY 2012**

**Company Registration Number 05849580**

**TUESDAY**



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## **Company Information**

### **Directors**

G Thompson  
G A Thompson  
A Richardson  
R Feigen (appointed 10 May 2012)  
P Hailes (appointed 10 May 2012)  
T Maxfield (appointed 10 May 2012)

### **Secretary**

A Richardson

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

Utilitywise House  
30-31 Long Row  
South Shields  
Newcastle Upon Tyne  
Tyne and Wear  
NE33 1JA

### **Registered number**

05849580

### **Statutory auditors**

BDO LLP  
1 Bridgewater Place  
Water Lane  
Leeds  
LS11 5RU

### **Bankers**

Lloyds TSB Plc  
54 Fawcett Street  
Sunderland  
Tyne and Wear  
SR1 1SF

### **Nominated advisor and broker**

finnCap Ltd  
60 New Broad Street  
London  
EC2M 1JJ

## **Chairman's Statement**

I am pleased to report our maiden results for the year ended 31st July 2012. This is our first report as a new AIM company, and it is particularly pleasing to be able to report profits ahead of market expectations. In a difficult time in the financial markets we were delighted that we were able to successfully conclude our IPO in June.

A more detailed analysis of our accounts this year, including the extensive changes that resulted from the reorganisation in preparation for the IPO and the IPO itself, appear in the CEO's report and elsewhere in these report and accounts. However the underlying picture is one of a fast growing highly profitable business with an excellent future. Revenues increased by 32% over the comparable period last year from £10.89m to £14.38m, pre-tax profits before exceptional items increased by 16% to £3.9m and we are recommending a maiden dividend of 1p per share, which is 6 months earlier than initially anticipated. This I believe demonstrates the board's confidence in the future prospects of the Company.

As a board we are committed to growing Utilitywise in a measured and controlled manner and the team have demonstrated their ability to do so efficiently and with great success.

Since the end of this financial year we have announced the acquisition of Clouds Environmental Consultancy Limited, a leading provider of energy management services, such as energy auditing, based in Portsmouth. The acquisition, with a consideration of £985,000 which was funded from cash reserves and a new share issue, provides further breadth to Utilitywise's overall energy offering. I welcome them to the Utilitywise group and am confident that their team of specialist consultants and strong customer base will be of great benefit to the Group. When we joined AIM in June this year it was our stated aim to grow both organically and by acquisition. The acquisition of Clouds fits well with this strategy. We are continuing to investigate other potential acquisitions and I am sure this will reap rewards in the fullness of time.

I am also delighted that we have been able to announce the recruitment of Michael Dent, as Sales and Marketing Director, from Total Gas and Power. We believe that Michael's appointment will be a key hire for Utilitywise and also demonstrates, by hiring such a senior and highly regarded executive, the excitement surrounding the Company's future as seen in its key markets.

I am continuously struck by the enormous potential for a professional organisation helping businesses effectively manage their energy needs. Everything I have seen since becoming Chairman has reinforced my opinion of the opportunities Utilitywise has to become the leading provider of energy solutions. We intend to not only increase the quantum of the services we provide to our customers but also to steadily expand the breadth of offering.

Utilitywise is led by an excellent management team, they possess a high level of specialist technical expertise and provide a first class service to our customers. It is much more than simply finding the best tariff. With our unique products and expertise we help our customers reduce their energy costs over the long term. It is a privilege to be involved with a business that is not only very profitable but also provides a greater, more valuable service by helping companies cut down on the amount of energy they consume, whilst becoming one of the largest private sector employees in the North East. Whilst the financial benefits will be particularly welcome to businesses in these difficult economic times, the overall impact will be much further reaching.

I would like to thank everyone who works for Utilitywise for their continued hard work. In particular the executive team have built and continue to develop an excellent business that demonstrates their undoubted talent and commitment. The board is focused on providing not only a highly valuable service to our customers, a great place to work but also delivering an excellent financial performance.

## **Outlook**

We are pleased with the performance of the company to date and since the year end we have continued to see substantial organic growth. There are a number of significant opportunities within our industry that we are currently evaluating and shareholders will be kept fully informed with progress. We look forward to the future with great confidence.

## **CEO Statement**

I am pleased to report Utilitywise has made a great start following the successful listing on AIM in June

Our results demonstrate the strength of our proposition, the hard work of our people and most importantly the value we add to our customers

## **Business Model**

Utilitywise specialises 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 manage their energy consumption. Customers are based throughout the UK and the Republic of Ireland across a variety of industry sectors and the public sector, and range in size from small single site customers to large multi-site customers.

The business has two major focuses of activity

### **Energy procurement**

The Company's revenue from energy procurement is generated from two main sources. Firstly, the Company has energy consultants who contact prospective customers identified by the Company's bespoke IT search system to offer a potentially reduced energy tariff and various energy management products and services designed to assist in identifying ways to reduce that customer's overall energy consumption. Secondly, the Company operates a "partner channel" where organisations refer customers to Utilitywise and commissions generated from those customers are shared between Utilitywise and the referring organisation.

### **Energy management**

These products and services are designed to assist customers to manage their energy consumption, they also generate additional revenues for Utilitywise. The energy management products and services include

- Account care
- Energy health check
- Energy audit
- Ecofit
- Edd e energy monitor
- Utility insight
- Smart meters
- Carbon zero

The Directors' 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.

The Directors' further believe that a forecast increase in energy prices will lead to increasing demand from customers for advice on energy management issues and that this demand creates the opportunity for the Company to continue with its recent organic growth.

In addition to the Company's aim to grow its market share of SME customers, the Directors believe that there is an opportunity to capitalise on the Company's established relationships with energy suppliers who are showing an interest in some of the Company's energy management products and services for sale into the supplier's customer base

### **Highlights**

- Impressive growth in customer contracts , up 33% on our 2011 volumes, to over 20,000
- The acquisition of Eco Monitoring Utility Systems Limited (EMU) thereby securing a range of Energy Services offerings including
  - Our Energy Health Check Software
  - Our EDD E sub metering (M&T) solution
  - Our Energy Auditing software
- The relocation of the business to a flagship 40,000 square foot facility which provides the required infrastructure for our continued growth

Our core Energy Intermediary offering to commercial customers has continued to scale as evidenced by the volume of new customers we contracted in 2012. As at our IPO in June we had over 10,000 contracted customers and this has continued to grow to over 11,400 customers and over 36,900 meters by September 2012.

Our proposition continues to develop, following the acquisition of EMU, and now includes a range of innovative Energy Services components that has supported our customer acquisition activity. Energy Services has led to an increase in our average order value per meter, increasing by 13% on 2011 rates to over £1100.

Further investment in Energy Services has continued with improvements to our Edd e sub metering solution focussed on value engineering to drive out cost and on improvements to commissioning processes and reporting.

In addition the Group has continued the development and testing of its own Voltage Optimisation product which has been designed to deliver value to customers at a competitive price and with functionality not available elsewhere.

Investment has also continued in the Group's IT systems and processes to support further growth.

We remain focussed on the delivery of further organic growth through all of the above investments and to targeting appropriate acquisition opportunities to enhance the Groups growth via complimentary products and services.

Our relationships with the UK Energy supply companies remains strong and we enjoy an enviable position as a partner they can rely upon to deliver customer volume and an innovative approach to solving the business customer's energy management needs.

### **People**

To meet the demands of our growing business we have recruited a further 110 members of staff since year end July 2011 and we continue to forecast further headcount growth into 2013. This recruitment is largely focussed on selecting the correct talent to support the growth of our in house Energy Consultant team.

We remain committed to attracting the right talent and to developing the skills of our people so that our customers benefit from our knowledge and experience and from the quality of service we provide.

## **Acquisitions**

It is our aim to grow via selected acquisitions of which all will be selected to broaden and develop our product and service offering

I am pleased to report that since year end we have successfully completed a further acquisition and our first since our IPO. Clouds Environmental Consultancy Limited will enhance our Energy Services capabilities. Clouds, based in Portsmouth, is an independent consultancy specialising in energy management services which are designed to help clients identify areas of potential energy and cost savings. Its team of highly qualified energy consultants helps businesses effectively manage their clients' energy and environmental impact and, in so doing, improve resource efficiency and reduce business overheads.

With capacity to grow the Clouds team, the acquisition will provide Utilitywise with a new base from which to address the South of England, and further extends its coverage of the UK market. Clouds has a range of products and services which complement and extend the existing Utilitywise offerings in the areas of legislative Compliance, Auditing and Surveying and Feasibility and Design.

## **Management Team**

Since the year end I am also pleased to report the appointment of Michael Dent, previously of Total Gas and Power, as our new Sales and Marketing Director. Michael will play a key role in our business development effort and his knowledge and experience gained in a senior role in a leading UK supply business will be of significant benefit to the Group.

During the year we achieved a great deal and we have now positioned the business for a further period of exciting growth.



## CFO Statement

### Results for the year

The Group has produced a very strong year of growth in revenue, gross profit EBITDA and PBT reflecting its continued organic growth and fulfilment of this strategic objective

#### Financial highlights

	2012	2011		
Revenue	14,383	10,889	32%	↑
GP	6,203	4,753	31%	↑
Gross Margin	43.13%	43.65%		
EBITDA*	4,124	3,508	18%	↑
PBT*	3,859	3,335	16%	↑
Earnings per Share**	0.054	0.046	17%	↑

\* Excluding exceptional items

\*\* 2011 adjusted to reflect 2012 share position

EBITDA is defined as profit from operations less depreciation and amortisation. Exceptional items relate to a one off lease termination fee of £75,000 and £316,398 of listing fees which are included in administrative expenses in the income statement. PBT is defined as profit before tax.

In 2012, the group generated revenue of £14.4 Million, an increase of 32.1% over 2011 fuelled by an increase of 52% of contracts going live and a 6% increase in average contract value. The major factor in the engine driving growth is energy consultant headcount which has grown in line with management expectation from 131 at July 2011 to 188 at July 2012. It is this increase in headcount which feeds the revenue pipeline and resulted in the securing of £22 million of contract revenue in 2012 a 33% increase on 2011. Gross profit has remained strong despite a period of headcount growth representing continued leveraging of the energy services proposition in the market with average commission rates increasing by 9% on 2011.

Administrative expenses at £2.42m, excluding exceptional items, were up 77% largely as result of the move to new offices at Market Docket and continued headcount expansion.

EBITDA excluding exceptional items at £4.1m represents an 18% increase on 2011 with profit before tax at £3.9m a 16% increase on 2011.

## Results adjusted for full year

EMU became part of the group on 31<sup>st</sup> January 2012. A proforma income statement and comparative information assuming the group was in place as at the 1<sup>st</sup> August 2010 would read as follows:

### Proforma Income statement - 12 months Eco Monitoring Utility Systems Ltd

	2012	2011		
Revenue	14,624	11,653	25%	↑
GP	7,158	5,769	24%	↑
EBITDA *	4,663	3,736	25%	↑

\* Excluding exceptional items

EBITDA is defined as profit from operations less depreciation and amortisation. Exceptional items relate to a one off lease termination fee of £75,000 and £316,398 of listing fees which are included in administrative expenses in the income statement.

## Cash and Borrowings

As at the 31<sup>st</sup> July 2012 the group had net cash balances of £8.2m. Cash generation has remained strong throughout the period with net cash flows generated from operating activities of £5m.

## Balance Sheet

The Group's non-current assets at 31<sup>st</sup> July 2012 were £3.2m (2011 £0.4m) which consist of property, plant and equipment £0.8m, intangible assets and goodwill of £2.4m mainly relating to the purchase of EMU.

Receivables have decreased to £1.92m (2011 £4.69m) with stock at £0.1m relating to Edd e units. Current liabilities have increased to £3.34m (2011 £2.97m) whilst non-current liabilities have decreased to £0.12m (2011 £0.17m).

## Dividend policy and dividend

The board is proposing a dividend for the year of 1p per share subject to the approval of the shareholders at the Annual General Meeting. The dividend per share will be paid on 14 December 2012 to shareholders on the register at close of business on 30 November 2012.

## Directors Report

The directors submit their annual report on the affairs of the Group together with the financial statements and Auditors report for the year ended 31<sup>st</sup> July 2012

## Principle Activity

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

## Review of the business

The company is required by section 417 of the Companies Act to set out in this report a fair review of the business and future developments of the group in during the financial year ended 31<sup>st</sup> July 2012 and of the position of the Group at the end of the year. This information can be found in the Chairman's statement, the CEO's statement and the CFO's statement on pages 4 to 10 and in the rest of this report

## Post Balance Sheet Events

On 01 October 2012 the group acquired the entire share capital of Clouds Environmental Consultancy Limited for a consideration of up to £985,000. Further details are provided in note 28. On the same day the company issued 394,736 new ordinary shares of 0.1p each.

## Dividends

The Directors propose a final dividend of 1p per share

## Key Performance Indicators

The key performance indicators used by the Directors are as follows

### KPI's

	2012	2011		
Energy Consultants at July	188	131	44%	↑
Contracts secured	20,013	15,006	33%	↑
Secured revenue at July	£7.1 mill	£5.2mill	37%	↑

The company continues to perform well against its core objectives of securing new contracts and revenue via organic growth (headcount)

## Principal risks and uncertainties

The principal risks and uncertainties faced by the group are as follows

### Exposure to energy suppliers

A significant proportion of the Company'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 Company or with TPis generally and, instead, engage directly with customers, the Company would suffer a loss in revenues related to the commission payable by such energy supplier. The company 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 Company's customers pay the energy supplier directly for the energy consumed, with the Company receiving its commissions from the energy supplier. The Company is, however, at risk should the customer cease trading or fail to pay the energy supplier. Should this occur, the Company would suffer a loss in future revenues related to the commissions associated with the future energy consumption by that customer. It should be noted, however, that the energy supplier usually undertakes credit checks on customers prior to entering into a contract to supply energy and there is limited individual customer concentration in revenue terms.

### **Competition**

The Group has a number of competitors. These competitors may announce new services, or enhancements to existing services, that better meet the needs of customers or changing industry standards.

### **Legislation**

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

### **Regulatory**

Currently, energy procurement is an unregulated market. Should regulation be introduced to cover the Group's activities, the increased regulatory burden could impact on the profits of the Group. However, it should be noted that the Board believe that the Group operates in line with best market practice, including the provisions of the OFGEM statement on 21 November 2011, and in their view any such regulation would initially impact on the smaller energy consultancy and broking businesses.

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

### **Directors**

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

<b>Name of Director</b>	<b>Board Title</b>	<b>Date of appointment</b>
R Feigen	Non-executive Chairman	10 May 2012
G Thompson	Chief Executive	22 January 2008
G A Thompson	Chief Operating Officer	1 October 2006
A Richardson	Chief Financial Officer	3 November 2009
P Hailes	Non-executive Director	10 May 2012
T Maxfield	Non-executive Director	10 May 2012

### **Charitable and political donations**

During the year the Group made charitable donations of £2,530 (2011: £1,444) and sponsorship payments of £NIL (2011: £2,403).

No political donations were made during the year (2011: NIL).

### Supplier payment policy

The Groups policy is to meet its obligations promptly on agreed payment dates, unless there is an unresolved query or dispute over the sum due. Trade creditors of the Group at 31<sup>st</sup> July 2012 were equivalent to 20 (2011: 34) days purchases, based on the average daily amount invoiced by suppliers during the year.

### Substantial shareholdings

On the 9<sup>th</sup> August 2012, being the latest practicable date prior to the publication of this document, the company had been notified, in accordance with sections 791 to 828 of the Companies Act of the following interest in the ordinary share capital of the Company:

Name of holder	Number	%
Investec UK Smaller Co fund	6,083,334	9.90%

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

### 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 Company'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 Company'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 were appointed during the year and have expressed their willingness to continue in office as auditor and a resolution to re-appoint BDO LLP will be proposed at the forthcoming AGM.

Approved by the Board of Directors and signed on behalf of the Board on 8 October 2012.



Andrew Richardson

Company secretary

## **Corporate governance statement**

The Company complies, so far as is practicable and appropriate for a company of its size and nature, with the provisions of the Corporate Governance Code, as modified by the recommendations of the Quoted Companies Alliance (QCA)

### **Board Structure**

During the year the Board appointed two Non-executive Directors and a Non- executive Chairman to bring an independent view to the Board, and to provide a balance to the Executive Directors

The Board is responsible for formulating, reviewing and approving the Group's strategy, budgets and corporate actions. The Directors intend to hold monthly board meetings. The following committees were formed following the listing to AIM

### **Board Committees**

#### **Audit committee**

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

#### **Remuneration Committee**

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

#### **Nomination Committee**

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

#### **Internal Control**

The Board has overall responsibility for the Group's system of internal control and for reviewing the effectiveness of this system. Such a system can only be designed to manage, rather than eliminate, the risk of failure to achieve the business objectives and can therefore only provide reasonable and not absolute assurance against material misstatement or loss.

The Board are of the view that due to the current size and composition of the Group, that it is not necessary to establish an internal control audit function.

## **Relationship with shareholders**

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

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

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

## **Going concern**

The Directors confirm that they are satisfied the Company and Group have adequate resources to continue in business for the foreseeable future. For this reason, they continue to adopt the going concern basis on preparing financial statements.

## **Directors Remuneration**

As an AIM company Utilitywise Plc is required to comply with Schedule 8 to the Large and Medium sized Companies and Groups (Accounts and Reports) Regulations 2008. The content of this report is unaudited unless stated.

## **Remuneration Committee**

The remuneration committee comprises of the independent Non-executive Director Paul Hailes and the independent Non-executive Director 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, granting of share options and other equity incentives.

## **Remuneration Policy**

The objectives of the remuneration policy are to ensure that the overall remuneration of Executive Directors is aligned with the performance of the Group and preserves an appropriate balance of income and shareholder value.

## **Non-executive Directors**

Remuneration of the Non-executive Directors, including the Chairman, is determined by the Executive Directors. Non-executive directors are not entitled to pensions, annual bonuses or employee benefits. They are entitled to participate in share option arrangements relating to Company's shares. Each of the Non-executive Directors has a letter of appointment stating his annual fee and that his appointment is initially for a term of three years. Their appointment may be terminated with a maximum of one month's written notice.

## **Director Remuneration**

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

In addition, they receive private health care, permanent health insurance and pension contributions.

## Directors' emoluments

	Fees/ basic salary	Pension contribution	Benefits in kind	2012 total	2011 total
<b>Executive</b>					
G Thompson	52,120	19,450	45,096	116,666	338,394
G A Thompson	153,500	19,450	3,226	176,176	121,027
A Richardson	153,497	19,450	2,013	174,960	137,274
<b>Non Executive</b>					
R Feigen	5,333	-	-	5,333	-
P Hailles	7,500	-	-	7,500	-
T Maxfield	7,500	-	-	7,500	-
<b>Total</b>	<b>379,450</b>	<b>58,350</b>	<b>50,335</b>	<b>-</b>	<b>488,135</b>
				<b>488,135</b>	<b>596,695</b>

## Directors' interests

The Directors who held office at the 31st July 2012 had the following interests in shares of the Company

	Ordinary shares	
	£0.001p each 2012	£0.01p each 2011
<b>Executive</b>		
G Thompson	29,463,858	7,000
G A Thompson	9,846,817	2,000
A Richardson	4,923,409	1,000
<b>Non Executive</b>		
R Feigen	321,972	-
P Hailles	33,334	-
T Maxfield	66,668	-
<b>Total</b>	<b>44,656,058</b>	<b>10,000</b>



## Directors' share options

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

Options that were granted during the year are summarised below

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

The share price at 31 July 2012 was 74 5p

Details of the share options granted by the Company are given in note 27

## Directors' responsibilities

The directors are responsible for preparing the director's report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union with the Company financial statements being prepared in accordance with UK Generally Accepted Accounting Principles. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period. The directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market.

In preparing these financial statements, the directors are required to

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

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

#### **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.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF UTILITYWISE PLC**

We have audited the financial statements of Utilitywise plc for the year ended 31<sup>st</sup> July 2012 which comprise the group statement of comprehensive income, group statement of financial position, group statement of changes in equity, group statement of cash flows, the company balance sheet 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 the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

### **Respective responsibilities of directors and auditors**

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB'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 APB's website at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm).

### **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<sup>st</sup> July 2012 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**

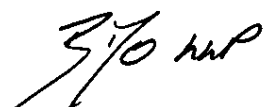
In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **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



Ian Beaumont  
for and on behalf of BDO LLP, statutory auditor  
Leeds  
United Kingdom

8 October 2012

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

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

		12 months ended	12 months ended
		31 July 2012	31 July 2011
	Note	£	£
<b>Revenue</b>	4	14,382,806	10,888,744
Cost of sales		8,180,207	6,135,931
<b>Gross profit</b>		<b>6,202,599</b>	<b>4,752,813</b>
Other operating income		109,582	10,555
Administrative expenses		2,420,454	1,368,564
Exceptional items	7	391,398	-
Total administrative expenses		2,811,852	1,368,564
Profit from operations before exceptional items		3,891,727	3,394,804
Exceptional items		(391,398)	-
<b>Profit from operations</b>		<b>3,500,329</b>	<b>3,394,804</b>
Finance expense	8	32,257	59,463
<b>Profit before tax</b>		<b>3,468,072</b>	<b>3,335,341</b>
Tax expense	9	1,036,062	1,088,688
<b>Profit for the year attributable to equity holders of the parent company</b>		<b>2,432,010</b>	<b>2,246,653</b>
Other comprehensive income (net of tax)		-	-
<b>Total comprehensive income attributable to equity holders of the parent company</b>		<b>2,432,010</b>	<b>2,246,653</b>
<b>Earnings per share for profit attributable to the owners of the parent during the year</b>			

Basic (pence)	10	0 047	22,467
Diluted (pence)	10	0 047	22,467

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The notes on pages 27 to 57 form part of these financial statements

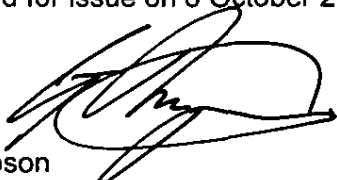
**Utilitywise Plc**  
**Consolidated statement of financial position**

		12 months ended 31 July 2012 £	12 months ended 31 July 2011 £	13 months ended 31 July 2010 £
	Note			
<b>Non-current assets</b>				
Property, plant and equipment	11	788,189	410,489	339,549
Goodwill	12	2,356,960	-	-
Internally generated intangible assets	13	27,286	-	-
Other intangible assets	14	19,392	-	-
<b>Total non-current assets</b>		<b>3,191,827</b>	<b>410,489</b>	<b>339,549</b>
<b>Current assets</b>				
Inventories	16	98,622	-	-
Trade and other receivables	17	1,242,017	4,647,233	1,867,484
Cash and cash equivalents		8,227,499	227,421	494,311
<b>Total current assets</b>		<b>9,568,138</b>	<b>4,874,654</b>	<b>2,361,795</b>
<b>Non-current assets</b>				
Accrued income	17	1,536,804	46,751	213,364
<b>Total non-current assets</b>		<b>1,536,804</b>	<b>46,751</b>	<b>213,364</b>
<b>Total assets</b>		<b>14,296,769</b>	<b>5,331,894</b>	<b>2,914,708</b>
<b>Current liabilities</b>				
Trade and other payables	18	2,820,669	1,873,065	2,380,996
Loans and borrowings	19	24	39,969	-
Corporation tax liability		523,910	1,066,430	103,567
<b>Total current liabilities</b>		<b>3,344,603</b>	<b>2,979,464</b>	<b>2,484,563</b>
<b>Non-current liabilities</b>				
Trade and other payables	18	66,790	109,750	456,376
Deferred tax liability	20	48,655	57,945	35,687
<b>Total non-current liabilities</b>		<b>115,445</b>	<b>167,695</b>	<b>492,063</b>
<b>Total liabilities</b>		<b>3,460,048</b>	<b>3,147,159</b>	<b>2,976,626</b>
<b>Net assets / (liabilities)</b>		<b>10,836,721</b>	<b>2,184,735</b>	<b>(61,918)</b>

**Utilitywise Plc**  
**Consolidated statement of financial position (*continued*)**

		12 months ended	12 months ended	13 months ended
		31 July 2012	31 July 2011	31 July 2010
Note		£	£	£
<b>Equity attributable to equity holders of the company</b>				
	21	61,426	100	100
Called up share capital				
Share premium		6,187,598	-	-
Share option reserve		20,952	-	-
Retained earnings		4,566,745	2,184,635	(62,018)
<b>Total equity</b>		<b>10,836,721</b>	<b>2,184,735</b>	<b>(61,918)</b>

The financial statements on pages 21 to 59 were approved by the Board of Directors and authorised for issue on 8 October 2012 and are signed on their behalf by

  
G Thompson  
Chief Executive Officer

The notes on pages 27 to 56 form part of these financial statements



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

	Share capital £	Share premium £	Share option reserve £	Retained earnings £	Total £
At 1 August 2010	100	-	-	(62,018)	(61,918)
Profit for the year	-	-	-	2,246,653	2,246,653
Other comprehensive income	-	-	-	-	-
<b>Equity as at 31 July 2011</b>	<b>100</b>	<b>-</b>	<b>-</b>	<b>2,184,635</b>	<b>2,184,735</b>
Profit for the period	-	-	-	2,432,010	2,432,010
Other comprehensive income	-	-	-	-	-
Capitalisation of reserves	49,900	-	-	(49,900)	-
Share option expense	-	-	20,952	-	20,952
Issue of shares	11,426	6,844,079	-	-	6,855,505
Share issue costs	-	(656,481)	-	-	(656,481)
<b>Equity as at 31 July 2012</b>	<b>61,426</b>	<b>6,187,598</b>	<b>20,952</b>	<b>4,566,745</b>	<b>10,836,721</b>

The notes on pages 27 to 56 form part of these financial statements

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

	12 months ended 31 July 2012	12 months ended 31 July 2011
	£	£
<b>Operating activities</b>		
Profit before tax	3,468,072	3,335,341
Interest expensed	32,257	59,463
Depreciation of property, plant and equipment	187,084	113,257
Share option expense	20,952	-
Grant income	(35,256)	30,204
Amortisation of intangible assets	45,476	-
Loss on disposal of property, plant and equipment	28,844	-
	3,747,429	3,538,265
(Increase)/Decrease in trade and other receivables	2,696,417	(2,613,136)
(Increase)/Decrease in inventories	31,479	-
Increase/(Decrease) in trade and other payables	112,480	(863,186)
	2,840,376	(3,476,322)
<b>Cash generated from operations</b>	<b>6,587,805</b>	<b>61,943</b>
Income taxes paid	(1,588,412)	(103,567)
<b>Net cash flows from operating activities</b>	<b>4,999,393</b>	<b>(41,624)</b>
<b>Investing activities</b>		
Purchase of property, plant and equipment	(606,176)	(184,197)
Purchase of intangibles	(92,154)	-
Acquisition of subsidiary, net of cash acquired	(2,490,255)	-
Sale of property, plant and equipment	12,548	-
<b>Net cash used in investing activities</b>	<b>(3,176,037)</b>	<b>(184,197)</b>
<b>Financing activities</b>		
Issue of shares	6,905,405	-
Share issue costs	(656,481)	-
Loans repaid/ received	(39,945)	39,969
Interest paid	(32,257)	(81,038)
<b>Net cash raised from financing activities</b>	<b>6,176,722</b>	<b>(41,069)</b>
Net increase in cash and cash equivalents	8,000,078	(266,890)
Cash and cash equivalents at beginning of period	227,421	494,311
<b>Cash and cash equivalents at end of period</b>	<b>8,227,499</b>	<b>227,421</b>

The notes on pages 27 to 56 form part of these financial statements

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

**1. Accounting policies**

***Basis of preparation***

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs"), as adopted by the European Union (EU)

Utilitywise Plc is incorporated and domiciled in the United Kingdom

The financial statements have been prepared on the historical cost basis. The principal accounting policies adopted are set out below

***First time adoption of EU endorsed International Financial Reporting Standards ('IFRS')***

As a result of listing on the AIM market during the year ending 31 July 2012 the group is now required to prepare accounts under International Financial Reporting Standards. In prior periods financial statements have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice. IFRS 1 – First time adoption of international financial reporting standards has therefore been applied to financial statements for the year ending 31 July 2012. The date of transition to IFRS was 1 August 2010.

Reconciliations and explanatory notes on how the transition to EU endorsed IFRS has affected profit and net assets previously reported under UK Generally Accepted Accounting Principles are given below

**Reconciliation of UK GAAP Consolidated Profit and Loss Account to IFRS**  
**Consolidated Income Statement for the year ended 31 July 2011**

		12 months ended 31 July 2011			
	Note	UK GAAP £	UK GAAP Adj £	IFRS Adj £	IFRS £
<b>Revenue</b>	a	10,981,449	-	(92,705)	10,888,744
Cost of sales	b	6,001,391	141,767	(7,227)	6,135,931
<b>Gross profit</b>		<b>4,980,058</b>	<b>(141,767)</b>	<b>(85,478)</b>	<b>4,752,813</b>
Other operating income		10,555		-	10,555
Administrative expenses		1,345,960	22,604	-	1,368,564
<b>Profit/(loss) from operations</b>		<b>3,644,653</b>	<b>(164,371)</b>	<b>(85,478)</b>	<b>3,394,804</b>
Finance expense		59,463	-	-	59,463
<b>Profit/(loss) before tax</b>		<b>3,585,190</b>	<b>(164,371)</b>	<b>(85,478)</b>	<b>3,335,341</b>
Tax expense		1,088,688	-	-	1,088,688
<b>Profit/(loss) for the year attributable to equity holders of the parent company</b>		<b>2,496,502</b>	<b>(164,371)</b>	<b>(85,478)</b>	<b>2,246,653</b>

**Reconciliation of UK GAAP Consolidated Balance Sheet to IFRS Consolidated Statement of Financial Position at 1 August 2010**

As at 01 August 2010

		UK GAAP	UK GAAP Adj	IFRS Adj	IFRS
	Note	£	£	£	£
<b>Non-current assets</b>					
Property, plant and equipment		339,549	-	-	339,549
<b>Total non-current assets</b>		<b>339,549</b>	<b>-</b>	<b>-</b>	<b>339,549</b>
<b>Current assets</b>					
Trade and other receivables	a	4,978,995	(105,635)	(2,792,512)	2,080,848
Cash and cash equivalents		429,777	64,534	-	494,311
<b>Total current assets</b>		<b>5,408,772</b>	<b>(41,101)</b>	<b>(2,792,512)</b>	<b>2,575,159</b>
<b>Total assets</b>		<b>5,748,321</b>	<b>(41,101)</b>	<b>(2,792,512)</b>	<b>2,914,708</b>
<b>Current liabilities</b>	a, b	<b>3,002,726</b>	<b>232,314</b>	<b>(750,477)</b>	<b>2,484,563</b>
<b>Non-current liabilities</b>					
Trade and other payables	a	2,684,701	(262,527)	(1,965,798)	456,376
Deferred tax liability		35,687	-	-	35,687
<b>Total non-current liabilities</b>		<b>2,720,388</b>	<b>(262,527)</b>	<b>(1,965,798)</b>	<b>492,063</b>
<b>Total liabilities</b>		<b>5,723,114</b>	<b>(30,213)</b>	<b>(2,716,275)</b>	<b>2,976,626</b>
<b>Net assets / (liabilities)</b>		<b>25,207</b>	<b>(10,888)</b>	<b>(76,237)</b>	<b>(61,918)</b>
<b>Equity attributable to equity holders of the company</b>					
Called up share capital		100	-	-	100
Retained earnings		25,107	(10,888)	(76,237)	(62,018)
<b>Total equity</b>		<b>25,207</b>	<b>(10,888)</b>	<b>(76,237)</b>	<b>(61,918)</b>

**Reconciliation of Consolidated UK GAAP Balance Sheet to IFRS Consolidated Statement of Financial Position at 31 July 2011**

As at 31 July 2011

	Note	UK GAAP £	UK GAAP Adj £	IFRS Adj £	IFRS £
<b>Non-current assets</b>					
Property, plant and equipment		410,489	-	-	410,489
<b>Total non-current assets</b>		<b>410,489</b>	<b>-</b>	<b>-</b>	<b>410,489</b>
<b>Current assets</b>					
Trade and other receivables	a	7,331,666	(278,068)	(2,359,614)	4,693,984
Cash and cash equivalents		227,421	-	-	227,421
<b>Total current assets</b>		<b>7,559,087</b>	<b>(278,068)</b>	<b>(2,359,614)</b>	<b>4,921,405</b>
<b>Total assets</b>		<b>7,969,576</b>	<b>(278,068)</b>	<b>(2,359,614)</b>	<b>5,331,894</b>
<b>Current liabilities</b>	a,b	<b>4,079,810</b>	<b>(126,902)</b>	<b>(973,444)</b>	<b>2,979,464</b>
<b>Non-current liabilities</b>					
Trade and other payables	a	1,310,112	24,093	(1,224,455)	109,750
Deferred tax liability		57,945	-	-	57,945
<b>Total non-current liabilities</b>		<b>1,368,057</b>	<b>24,093</b>	<b>(1,224,455)</b>	<b>167,695</b>
<b>Total liabilities</b>		<b>5,447,867</b>	<b>(102,809)</b>	<b>(2,197,899)</b>	<b>3,147,159</b>
<b>Net assets / (liabilities)</b>		<b>2,521,709</b>	<b>(175,259)</b>	<b>(161,715)</b>	<b>2,184,735</b>
<b>Equity attributable to equity holders of the company</b>					
Called up share capital		100	-	-	100
Retained earnings		2,521,609	(175,259)	(161,715)	2,184,635
<b>Total equity</b>		<b>2,521,709</b>	<b>(175,259)</b>	<b>(161,715)</b>	<b>2,184,735</b>

Explanations of the adjustments made to the UK GAAP Profit and Loss account and Balance Sheets are as follows

### IFRS Adjustments

a Measurement of accrued income

Under UK GAAP deferred revenues and accrued revenues are accounted for at cost and presented separately. Under IFRS accrued revenues take into account receipts made by the energy suppliers in advance of commissions being paid when assessing total cash flows. Under IAS 39 amounts due from energy suppliers are measured at amortised cost using appropriate discount rates.

Applying these changes decreased profit for the year to 31 July 2011 by £92,705, retained earnings are reduced by £32,673 at 01 August 2010 and increased by £125,378 at 31 July 2011.

b Short term employee benefits

IAS19 Employee benefits requires the expense of services rendered that increase employees' entitlement to future compensated absence (i.e. paid holiday) to be recognised in the period. Therefore, the cost of holidays earned but not taken at the balance sheet date has been accrued for. The adjustments decrease profit for the year to 31 July 2011 by £7,227, retained earnings are reduced by £43,564 at 01 July 2010 and £36,337 at 31 July 2011.

### UK GAAP adjustments

On assessing the IFRS transitional balance sheet and comparative income statement management have made adjustments to reported UK GAAP position to take into account timing of certain transactions with EMU.

### ***Changes in accounting policies***

*'(a) New standards, interpretations and amendments effective in the year ended 31 July 2012*

- IAS 24 'Related Party Disclosures' The revision to IAS 24 is in response to concerns that the previous disclosure requirements and the definition of a related party were too complex and difficult to apply in practice. This is a disclosure amendment and has no impact on the results or net assets of the group.

The improvements to IFRS. Improvements in this amendment clarify the requirements of IFRS and eliminate inconsistencies within and between standards. The changes include amendments to

- IFRS 1 'First-time Adoption of International Financial Reporting Standards'
- IFRS 3 (Revised 2008) 'Business Combinations'
- IFRS 7 'Financial Instruments'
- IAS 1 (revised 2007) 'Presentation of Financial Statements'
- IAS 34 'Interim Financial Reporting'

- IFRIC 13 'Customer Loyalty Programmes' IAS 21 'The Effects of Changes in Foreign Exchange Rates'
- IAS 27 (as amended 2008) 'Consolidated and Separate Financial Statements'

Management has concluded that to date there has been no impact on the results or net assets of the Group as a result of these amendments

*'(b) New standards, interpretations and amendments not yet effective*

The following new standards, interpretations and amendments, which have not been applied in this financial information, will or may have an effect on the Group's future financial information

- IFRS 1 'First-time Adoption of IFRS' – Government Loans The amendment will come into effect for accounting periods beginning on or after 1 January 2013
- IFRS 7 'Financial Instruments' – Offsetting financial assets and financial liabilities This amendment introduces disclosures intended to enable users of financial statements to evaluate the effect or potential effect of netting arrangements on an entity's financial position The amendment is effective for accounting periods beginning on or after 1 January 2013
- IFRS 9 is the first phase of the replacement of IAS 39 and covers the requirements for classification, measurement, derecognition and disclosure of financial assets and liabilities It is effective for accounting periods beginning on or after 1 January 2015
- IFRS 10, IFRS 11 and IFRS 12 – Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities Transition Guidance Amendments are effective for accounting periods beginning on or after 1 January 2013
- IFRS 10 'Consolidated financial statements' was published in May 2011 and will come into effect for accounting periods beginning on or after 1 January 2013
- IFRS 11 'Joint Arrangements' The principle is effective for accounting periods beginning on or after 1 January 2013
- IFRS 12 'Disclosure of Interests in Other Entities' was published in May 2011 and is effective for accounting periods beginning on or after 1 January 2013
- IFRS 13 'Fair Value Measurement' is effective for accounting periods beginning on or after 1 January 2013
- Amendments to IAS 1 This amendment requires companies to group together items within the Other Comprehensive Income that may be classified to the profit or loss section of the income statement Management are currently assessing the impact of this amendment
- IAS 12 'Deferred Tax' IAS 12 requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale The amendment is effective for accounting period beginning on or after 1 January 2012
- IAS 19 'Employee Benefits' The amendment is effective for accounting periods beginning on or after 1 January 2013



- IAS 27 'Separate financial statements' contains disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements. This is effective for accounting periods beginning on or after 1 January 2013.
- IAS 28 'Investments in Associates and Joint Ventures' will include the required accounting for joint ventures as well as the definition and required accounting for associates. This is effective for accounting periods beginning on or after 1 January 2013.
- IAS 32 'Financial Instruments' amendment seeks to clarify rather than change the off-setting requirements previously set out in IAS 32. The amendment will be effective for accounting periods beginning on or after 1 January 2014.
- Annual Improvements to IFRSs. The improvements in this amendment clarify the requirements of IFRSs and eliminate inconsistencies within and between standards. Improvements are effective for accounting periods beginning on or after 1 January 2013.

### ***Basis of consolidation***

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

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

Results have been consolidated from the date of acquisition of the subsidiary.

Utilitywise Plc acquired the entire share capital of Eco Monitoring Utility Systems Limited on 31 January 2012 for £2,500,000 in order to enhance the service offering provided by the group. Results of Eco Monitoring Utility Systems Limited have been consolidated from 31 January 2012 as this is considered to be the date at which control 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 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. Commissions are calculated based on expected energy use by the business customer at agreed commission rates with the energy suppliers.

Revenue also consists of sales of energy management products to business customers. This type of revenue is recognised as soon as the work has been completed.

**Expenditure**

Expenditure is recognised in respect of goods and services received when supplied in accordance with contractual terms. 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.

**Retirement Benefits: Defined contribution schemes**

The group operates a defined contribution pension scheme. Contributions to the group's pension scheme are charged to the combined statement of comprehensive income in the year to which they relate.

**Share based payments**

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

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

**Goodwill**

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

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

**Externally acquired intangible assets**

Externally acquired intangible assets are initially recognised at cost and subsequently amortised on a straight line basis over their useful economic lives.

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

<b>Intangible asset</b>	<b>Useful economic life</b>	<b>Valuation method</b>
Trademarks	10 years	Amortised cost

The amortisation expense is recognised within administrative expenses in the consolidated statement of comprehensive income.

***Internally generated intangible assets (development costs)***

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

Capitalised development costs are amortised over 4 years being the expected useful life of the asset. The amortisation expense is included within administrative expenses in the consolidated statement of comprehensive income.

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

***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.

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

Improvements to property	-	period of lease and 10% on cost
Plant and machinery	-	10% on cost
Fixtures and fittings	-	25% on cost
Motor vehicles	-	33% on cost
Computer equipment	-	33% on cost
Computer software	-	20% and 25% on cost

***Impairment of non financial assets***

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

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

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

**Financial assets**

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

**Loans and receivables**

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transactions costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

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

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

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

**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 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.

**Fair Value Hierarchy**

All financial instruments measured at fair value are classified into the levels below:

- Level 1: Quoted prices, in active markets.
- Level 2: Level 1 quoted prices are not allowable but fair value is based on observable market data.
- Level 3: Inputs that are not based on observable market data.

**Share Capital**

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

Costs associated with the issue of new ordinary shares are deducted from share premium. Costs associated with the listing of shares on a public market are allocated on a pro rata basis between the income statement for existing shares listed and to the share premium for new shares listed.

**Leased Assets**

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

**Deferred taxation**

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

- the initial recognition of goodwill,
- the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit, and
- investments in subsidiaries and jointly controlled entities where the Group is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

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

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

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

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

***Inventories***

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

***Government grants***

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

***Operating Segments***

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

During the current year the Group offered both energy procurement and energy management services. The Board considers that due to the aggregation criteria in IFRS 8 that the services offered form one segment for the current year. As the energy management revenues grow a reassessment of operating segments will take place.

The Board considers that the Group's project activity constitutes one operating and one reporting segment, as defined under IFRS 8. Management reviews the performance of the Group by reference to total results against budget.

The total profit measures are operating profit and profit for the year, both disclosed on the face of the combined income statement. No differences exist between the basis of preparation of the performance measures used by management and the figures in the Group financial statements.

**2. Critical accounting estimates and judgements**

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

## ***Judgements and accounting estimates and assumptions***

### **(a) Revenue recognition**

Energy procurement revenue is recorded at the fair value of the service provided, which is calculated using expected energy use of the business customer at agreed commission rates with the energy provider. The Group believes that, based on past performance, it can reliably measure commission revenues, however there is inevitably a variability in these calculations for energy use by the business customer and this is taken into account when assessing the initial fair value. Historic data indicates that the variability is circa 15%. Should the assumptions on which commission income is calculated vary by more than 15% then there may be a material impact on reported revenues and profits.

### **(b) Property, plant and equipment**

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

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

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

### **(d) Share based payments**

The group has an equity-settled share-based remuneration schemes for employees. Employee services received, and the corresponding increase in equity, are measured by reference to the fair value of the equity instruments (shares) at the date of grant. The fair value of share options is estimated by using the Black Scholes valuation model on the date of grant based on certain assumptions. Those assumptions are described in note 27 and include, among others, expected volatility, expected life of the options and number of options expected to vest.

### **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

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

- Trade and other receivables
- Cash and cash equivalents
- Trade and other payables
- Bank loans

To the extent financial instruments are not carried at fair value in the consolidated statement of financial position, book value approximates to fair value at 31 July 2012, 31 July 2011 and 31 July 2010.

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

Cash and cash equivalents are held in sterling and placed on deposit in UK 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 the 31 July 2012 the Group has trade receivables and accrued revenues of £2,303,916 (2011: £3,115,845 and June 2010: £1,010,953).



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

The Group's most significant financial asset is cash and cash equivalents of £8,227,499 which at 31 July 2012 was held in deposit with Lloyds TSB Bank plc (which is rated A1/A- with Moody's and Standard and Poor's respectively). These deposits are held with maturities of less than 3 months.

The Directors are unaware of any factors affecting the recoverability of outstanding balances at 31 July 2012 and consequently no further provisions have been made for bad and doubtful debts.

### ***Liquidity risk***

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

The Board receives rolling 12 month cash flow projections on a monthly basis as well as information regarding cash balances. At the balance sheet date the Group has cash balances of £8,227,499 (2011 £227,421, 2010 £494,311) and the financial forecasts indicated that the Group expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances.

### ***Capital Management***

The Group's capital is made up of share capital, share premium, share option reserve and retained earnings totalling £10,836,721 as at 31 July 2012 (2011 £2,184,735 and 2010 £(61,918)).

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.

#### 4. Revenue

	12 months ended 31 July 2012	12 months ended 31 July 2011
	£	£
Revenue arises from Provision of services	14,382,806	10,888,744
<b>Analysis of concentration of customers top 3 and other:</b>		
Customer 1	3,903,870	3,342,504
Customer 2	3,640,727	2,434,411
Customer 3	3,086,538	1,581,463
Other	3,751,671	3,530,366
	14,382,806	10,888,744

#### 5. Profit from operations

The operating profit (2011 - operating profit) is stated after charging.

	12 months ended 31 July 2012	12 months ended 31 July 2011
	£	£
Release of government grants	35,256	(30,204)
Inventories recognised as an expense	73,771	-
Staff costs	5,947,573	4,032,251
Depreciation	187,084	113,257
Trademark amortisation	1,121	-
Development costs amortisation	44,355	-
Lease payments	42,588	51,163
Auditors remuneration		
Audit fees	38,500	5,735
Other taxation services	1,000	875

## 6. Staff costs

	12 months ended 31 July 2012	12 months ended 31 July 2011
	£	£
Wages and salaries	5,229,336	3,981,831
Social security costs	656,553	28,520
Other pension costs	61,684	21,900
Share option expense	18,112	-
	<u>5,965,685</u>	<u>4,032,251</u>

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

	12 months ended 31 July 2012	12 months ended 31 July 2011
Directors	3	3
Staff	<u>223</u>	<u>171</u>
	<u>226</u>	<u>174</u>

### Directors remuneration, included in staff costs

	£	£
Salaries	379,450	230,981
Pension contributions	<u>58,350</u>	<u>21,900</u>

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

<b>Money purchase schemes</b>	<b>3</b>	<b>2</b>
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Information regarding the highest paid director is as follows

	12 months ended 31 July 2012	12 months ended 31 July 2011
	£	£
	<u>153,500</u>	<u>124,051</u>

## 7. Exceptional items

Exceptional items relate to a one off lease termination fee of £75,000 and £316,398 of listing fees incurred on admission to the AIM. £316,398 is considered to be the listing fee value attributable to shares in issue prior to the AIM listing. Costs associated with new shares issued on admission have been taken to the share premium account. Please see the Consolidated Statement of Changes in Equity. Exceptional items are included in administrative expenses in the income statement.

## 8. Finance income and expenses

	12 months ended 31 July 2012	12 months ended 31 July 2011
	£	£
<b>Finance expense</b>		
Bank interest	582	314
Bank loan interest	-	-
PAYE fines	-	40,826
Other interest	21,784	-
VAT interest	7,763	8,809
Factoring interest	2,128	9,514
	<u>32,257</u>	<u>59,463</u>

## 9. Tax expense

	12 months ended 31 July 2012	12 months ended 31 July 2011
	£	£
<b>Current tax expense</b>		
Current tax on profits for the period	1,045,352	1,066,430
Adjustment for under provision in prior periods	-	-
	<u>1,045,352</u>	<u>1,066,430</u>
<b>Deferred tax expense</b>		
Origination and reversal of temporary differences	(9,290)	22,258
	<u>(9,290)</u>	<u>22,258</u>
<b>Total tax expense</b>	<u>1,036,062</u>	<u>1,088,688</u>

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

	12 months ended 31 July 2012	12 months ended 31 July 2011
	£	£
Profit for the period	3,468,072	3,335,341
Expected tax charge based on corporation tax rate of 25.330% in 2012 (27.330% in 2011)	878,463	911,549
Depreciation in excess of capital allowances	10,120	(9,747)
Expenses not deductible for tax purposes	117,414	97,417
Prior year adjustment	-	(1,072)
HMRC charges refund	(2,743)	-
Government grants	(2,304)	-
Other adjustments	44,402	68,283
Deferred tax	(9,290)	22,258
<b>Total tax expense</b>	<b>1,036,062</b>	<b>1,088,688</b>

#### 10. Earnings per share

	12 months ended 31 July 2012	12 months ended 31 July 2011
	£	£
<b>Profit</b>		
Profit used in calculating basic and diluted profit	2,432,010	2,246,653
<b>Number of shares</b>		
Weighted average number of shares for the purpose of basic earnings per share	51,523,446	10,000
Weighted average number of shares for the purpose of diluted earnings per share	51,851,390	10,000

## 11. Property, plant and equipment

	Improvements to property £	Computer Software £	Fixtures and Fittings £	Computer Equipment £	Totals £
<b>COST</b>					
At 1 July 2009	12,829	56,600	12,302	36,785	118,516
Additions	4,241	74,732	68,820	145,380	293,173
At 31 July 2010	17,070	131,332	81,122	182,165	411,689

<b>DEPRECIATION</b>					
At 1 July 2009	1,069	-	2,840	6,678	10,587
Charge for period	1,566	26,433	11,112	22,442	61,553
At 31 July 2010	2,635	26,433	13,952	29,120	72,140

<b>NET BOOK VALUE</b>					
At 31 July 2010	14,435	104,899	67,170	153,045	339,549

	Improvements to property £	Computer Software £	Fixtures and Fittings £	Computer Equipment £	Motor Vehicles £	Totals £
<b>COST</b>						
At 1 August 2010	17,070	131,332	81,122	182,165	-	411,689
Additions	14,709	52,739	33,358	61,886	21,505	184,197
At 31 July 2011	31,779	184,071	114,480	244,051	21,505	595,886

<b>DEPRECIATION</b>						
At 1 August 2010	2,635	26,433	13,952	29,120	-	72,140
Charge for year	2,840	28,864	26,746	54,210	597	113,257
At 31 July 2011	5,475	55,297	40,698	83,330	597	185,397

<b>NET BOOK VALUE</b>						
At 31 July 2011	26,304	128,774	73,782	160,721	20,908	410,489

	Improvements to property £	Computer Software £	Fixtures and Fittings £	Plant and Machinery £	Computer Equipment £	Motor Vehicles £	Totals £
<b>COST</b>							
At 1 August 2011	31,779	184,071	114,480	-	244,051	21,505	595,886
Additions	52,899	76,223	119,351	-	147,781	-	396,254
Additions on acquisition	146,879	-	1,532	60,848	663	-	209,922
Disposals	(31,779)	-	-	-	(560)	(21,505)	(53,844)
At 31 July 2012	199,778	260,294	235,363	60,848	391,935	-	1,148,218
<b>DEPRECIATION</b>							
At 1 August 2011	5,475	55,297	40,698	-	83,330	597	185,397
Charge for period	24,294	39,381	42,686	3,830	72,114	4,779	187,084
Eliminated on disposal	(7,064)	-	-	-	(12)	(5,376)	(12,452)
At 31 July 2012	22,705	94,678	83,384	3,830	155,432	-	360,029
<b>NET BOOK VALUE</b>							
At 31 July 2012	177,073	165,616	151,979	57,018	236,503	-	788,189

As at 31 July 2012 and 31 July 2011 the Group had no material capital commitments

## 12. Goodwill

	12 months ended 31 July 2012 £	12 months ended 31 July 2011 £	13 months ended 31 July 2010 £
<b>COST</b>			
Opening balance	-	-	-
Additions	2,356,960	-	-
Closing balance	<b>2,356,960</b>	-	-

The Group has two cash generating units being Utilitywise and Eco Monitoring Utility Systems. The additions to goodwill in the period ended 31 July 2012, arising on the acquisition of Eco Monitoring Utility Systems Limited, has been allocated to the Eco Monitoring Utility Systems cash generating unit (CGU).

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

Details relating to the discounted cash flow model used in the impairment tests are as follows:

<u>Valuation basis</u>	<u>Value in use</u>
Key assumptions	Sales growth Profit margins Discount rates
Determination of forecasts assumptions	Growth rates are based on management estimates and based on internal and external market information Margins are based on past experience and cost estimates Discount rate is based on weighted average cost of capital, and is a pre tax rate of +9%
Period of specific projected cash flow used in forward cash flow forecasts	3 years
Discount rate	9%
Terminal growth rate	0%



### 13. Internally generated intangible assets

	12 months ended 31 July 2012 Software £	12 months ended 31 July 2011 Software £	13 months ended 31 July 2010 Software £
<b>COST</b>			
Opening balance	-	-	-
Additions on acquisition	71,641	-	-
Closing balance	71,641	-	-
<b>DEPRECIATION</b>			
Opening balance	-	-	-
Charge for period	44,355	-	-
Closing balance	44,355	-	-
<b>NET BOOK VALUE</b>			
Closing balance	27,286	-	-

### 14. Other intangible assets

	12 months ended 31 July 2012 Trademarks £	12 months ended 31 July 2011 Trademarks £	13 months ended 31 July 2010 Trademarks £
<b>COST</b>			
Opening balance	-	-	-
Additions on acquisition	18,986	-	-
Additions	1,527	-	-
Closing balance	20,513	-	-
<b>DEPRECIATION</b>			
Opening balance	-	-	-
Charge for period	1,121	-	-
Closing balance	1,121	-	-
<b>NET BOOK VALUE</b>			
Closing balance	19,392	-	-

## 15. Subsidiaries

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

Name	Principal activity	Ownership	Ownership	Ownership
		12 months ended 31 July 2012	12 months ended 31 July 2011	13 months ended 31 July 2010
Eco Monitoring Utility Systems Limited (Incorporated – United Kingdom)	Design and implementation of energy services solutions	100%	0%	0%
EcoAuditors Limited (Incorporated – United Kingdom)	Dormant	100%	0%	0%

## 16. Inventories

	12 months ended 31 July 2012 £	12 months ended 31 July 2011 £	13 months ended 31 July 2010 £
Finished goods	<b>98,622</b>	-	-

## 17. Trade and other receivables

	12 months ended 31 July 2012 £	12 months ended 31 July 2011 £	13 months ended 31 July 2010 £
<b>Current</b>			
Trade receivables	767,112	3,069,094	797,589
Prepayments	387,430	76,003	13,321
Other receivables	87,475	12,882	1,500
Invoice finance debtor	-	-	112,498
Directors current account	-	1,489,254	942,576
	<b>1,242,017</b>	<b>4,647,233</b>	<b>1,867,484</b>
<b>Non current</b>			
Accrued income	1,536,804	46,751	213,364
	<b>1,536,804</b>	<b>46,751</b>	<b>213,364</b>

## 17. Trade and other receivables (*continued*)

The ageing analysis of trade receivables is as follows

	12 months ended 31 July 2012	12 months ended 31 July 2011	13 months ended 31 July 2010
	£	£	£
Up to 3 months	871,044	329,503	548,546
3 to 6 months	9,565	277,538	78,553
6 to 12 months	(9,374)	682,414	504,975
	<hr/>	<hr/>	<hr/>
	871,235	1,289,455	1,132,074

At 31 July 2012, £Nil (2011 £873,539, 2010 £587,287) of trade receivables has been sold to a provider of invoice discounting and debt factoring services. The Group is committed to underwrite any of the debts transferred and therefore continuing to recognise the debts sold within trade receivables until the debtors repay or default.

Within trade and other receivables no material balances are past the due date at the year end (2011 £nil, 2010 £nil). The quality of the credit is identified as high due to the significant amount of the debt owed by blue chip companies. The accrued revenue and deferred revenue balance included within trade and other receivables have been discounted at 9%.

Receipts from energy provider Total Gas and Power Limited are tied up on a contractual basis and include payments in the period of £4,750,000.

## 18. Trade and other payables

	12 months ended 31 July 2012	12 months ended 31 July 2011	13 months ended 31 July 2010
	£	£	£
<b>Current</b>			
Trade payable	638,877	166,257	562,697
Accruals and deferred income	1,333,388	663,425	1,429,560
Social security and other taxes	790,829	1,008,871	361,778
Directors loan account	21,575	-	-
Deferred government grant	36,000	34,512	26,961
	<hr/>	<hr/>	<hr/>
	2,820,669	1,873,065	2,380,996
<b>Non current</b>			
	£	£	£
Accruals and deferred income	-	6,216	375,495
Government grants	66,790	103,534	80,881
	<hr/>	<hr/>	<hr/>
	66,790	109,750	456,376

## 18. Trade and other payables (continued)

The ageing analysis of trade payables is as follows

	12 months ended 31 July 2012	12 months ended 31 July 2011	13 months ended 31 July 2010
	£	£	£
Up to 3 months	425,999	93,584	568,818
3 to 6 months	150,034	27,015	(8,248)
6 to 12 months	62,844	45,658	2,127
	<hr/>	<hr/>	<hr/>
	638,877	166,257	562,697

Book values approximate to fair values at 31 July 2012, 31 July 2011 and 31 July 2010

## 19. Loans and borrowings

	12 months ended 31 July 2012	12 months ended 31 July 2011	13 months ended 31 July 2010
	£	£	£
Finance Creditor	24	39,969	-
<b>Total loans and borrowings</b>	<hr/> <b>24</b>	<hr/> <b>39,969</b>	<hr/> <b>-</b>

Book values approximate to fair values at 31 July 2012, 31 July 2011 and 31 July 2010

Principal terms and the debt repayment schedule of the Group's loan and borrowings are as follows at 31 July 2012, 31 July 2011 and 31 July 2010

	Currency	Nominal Rate %	Year of maturity
Bank loans	Sterling	7.5%	2010
Bank overdraft	Sterling	8.2%	2010
Finance lease creditor	Sterling	3.5%	2012

## 20. Deferred Tax

Deferred tax is calculated in full on temporary differences under the liability method using tax rate of 23%

The movement on the deferred tax account is as shown below

	12 months ended 31 July 2012 £	12 months ended 31 July 2011 £	13 months ended 31 July 2010 £
Opening balance	57,945	35,687	16,677
<i>Recognised in profit and loss</i>			
Tax expense	(9,290)	22,258	19,010
Closing balance	<u>48,655</u>	<u>57,945</u>	<u>35,687</u>

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

## 21. Share capital

	12 months ended 31 July 2012	12 months ended 31 July 2011	13 months ended 31 July 2010
<b>Share capital issued and fully paid</b>			
61,425,842 Ordinary shares of £0 001 each	<u>61,426</u>	<u>100</u>	<u>100</u>

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

During the year ending 31 July 2012 the company capitalised reserves of £49,900 to give a revised share capital of £50,000. Share capital was changed from £0 01 to £0 001 per share. On 12 June 2012 a further 11,425,842 shares were issued at 60p per share, which resulted in a share premium of £6,844,079 and additions to share capital of £11,426. Costs associated with the listing of £656,491 have been offset against the share premium account in the period.

## 22. Reserves

Retained earnings are the cumulative net profits in the consolidated income statement less £49,900 capitalised from reserves. Movements on retained earnings, share premium and share based payment reserves are set out in the consolidated statement of changes in equity.

## 23. Leases

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

	12 months ended 31 July 2012 £	12 months ended 31 July 2011 £
Not later than one year	307,268	3,303
Later than one year and not later than five years	1,317,840	63,841
Later than five years	1,541,667	273,781
	<b>3,166,775</b>	<b>340,925</b>

After the 31 July 2011, but prior to the date of this report, the company moved premises. As part of the deal the company received an option to purchase the property in 2016 for £2,600,000.

## 24. Dividends

The Directors are proposing a final dividend of 1p per share totalling £614,258. This dividend has not been accrued in the consolidated statement of financial position.

## 25. Related party transactions

Prior to acquisition, Utilitywise Plc made sales of £Nil (2011: issued sales credits of £80,500) to Eco Monitoring Utility Systems Limited (EMU) and purchased goods and services of £800,000 (2011: £879,500) from EMU. At this time, the companies were related by common control. At 31 January 2012 the balance due from EMU in respect of sales was £393,393 (at 31 July 2011: £393,393) and the balance owed to EMU in respect of purchases was £839,557 (at 31 July 2011: £39,557).

Compensation of key management personnel (including Directors)

	12 months ended 31 July 2012 £	12 months ended 31 July 2011 £
Short term employee benefits	583,698	335,817
Employers national insurance	23,901	9,751
	<b>607,599</b>	<b>345,568</b>

## 25. Related party transactions (*continued*)

During the period ended 31 July 2011, £300,000 was paid to a third party to develop and implement a reward plan in order to incentivise key employees. Of this amount, a total of £270,000 has been settled into trusts in which the Company does not have control but of which certain of the Directors are beneficiaries. These amounts are included in short term employee benefits in the above table.

During the year payments totalling £249,870 were made for services received from Hub Capital Partners Limited, in which R Feigen is a Director.

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

The following loans to/(from) directors subsisted during the periods ended 31 July 2012, 31 July 2011 and 31 July 2010

	12 months ended 31 July 2012 £	12 months ended 31 July 2011 £	13 months ended 31 July 2010 £
<b>G Thompson</b>			
Opening balance	1,234,137	876,692	128,505
Additions on acquisition	(21,575)	-	-
Amounts advanced	1,758,714	1,064,279	748,187
Amounts repaid	(2,992,851)	(706,834)	-
Closing balance	(21,575)	1,234,137	876,692
<b>G A Thompson</b>			
Opening balance	156,756	50,589	-
Amounts advanced	66,427	192,167	50,589
Amounts repaid	(223,183)	(86,000)	-
Closing balance	-	156,756	50,589
<b>A Richardson</b>			
Opening balance	98,361	15,295	-
Amounts advanced	42,282	150,066	15,295
Amounts repaid	(140,643)	(67,000)	-
Closing balance	-	98,361	15,295

The loans are interest free and repayable on demand.

## 26. Acquisition of Eco Monitoring Utility Systems Limited

Utilitywise Plc acquired the entire share capital of Eco Monitoring Utility Systems Limited on 31 January 2012 for £2,500,000 in order to enhance the service offering provided by the group

Goodwill on consolidation has been calculated as follows

	£
Amount of consideration	2,500,000
Fair value of net assets acquired	
Tangible fixed assets	300,549
Stock	130,101
Debtors	781,254
Cash	9,745
Creditors	(1,078,609)
	<u>143,040</u>
Goodwill (note 12)	<u>2,356,960</u>
Fair value of consideration	
Amounts applied to directors loan accounts	<u>2,500,000</u>

The goodwill reflects expected synergies from combining the two businesses

Since the date of acquisition Eco Monitoring Utility Systems Limited has generated revenue of £101,804 and a profit before tax of £18,334 which is included in the consolidated statement of comprehensive income

Assuming Eco Monitoring Utility Systems Limited was acquired at the beginning of the annual reporting period, group revenue would be £14,623,947 and profit before tax £4,242,408



## 27. Share based payments

The group operates an equity-settled LTIP remuneration scheme for Directors and certain management. The only vesting conditions attached to the options are that the individual must remain an employee of the group for a minimum period. The group also issued warrants to third party companies during the period. All options and warrants were issued on 12 June 2012.

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

	2012		2011	
	Number of share options	Weighted average exercise price	Number of share options	Weighted average exercise price
Granted during the year	2,126,250	60p	-	-
Outstanding at 31 July	2,126,250	60p	-	-
Exercisable at 31 July	-	-	-	-

### Warrants

	2012		2011	
	Number of share options	Weighted average exercise price	Number of share options	Weighted average exercise price
Granted during the year	333,332	60p	-	-
Outstanding at 31 July	333,332	60p	-	-
Exercisable at 31 July	-	-	-	-

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 during the year

**2012**

**Equity settled - LTIPS**

Risk free interest rate	0.37%
Expected volatility	37.0%
Expected option life (in years)	3
Weighted average share price (in pence)	60
Weighted average exercise price (in pence)	60
Weighted average fair value of options granted (in pence)	15

**Warrants**

Risk free interest rate	0.26%
Expected volatility	33.0%
Expected warrant life (in years)	2
Weighted average share price (in pence)	60
Weighted average exercise price (in pence)	60
Weighted average fair value of warrants granted (in pence)	11

The share-based remuneration expense comprises

**2012**

Equity settled - LTIPS	18,112
Warrants	2,840
	<hr/> <b>20,952</b>

## **28. Post balance sheet events**

On 1 October 2012 the group acquired the entire share capital of Clouds Environmental Consultancy Limited. Clouds is an independent consultancy specialising in energy management services which are designed to help clients identify areas of potential energy and cost savings. The acquisition will provide Utilitywise with a new base from which to address the South of England, and further extends its coverage of the UK market. Clouds has a range of products and services which complement and extend the existing Utilitywise offerings in the areas of legislative Compliance, Auditing and Surveying and Feasibility and Design.

The total consideration is for a maximum of £985,000 with an initial £600,000 paid on completion, (subject to adjustment on the basis of completion accounts) with the deferred balance of up to £385,000 payable over the next 12 months, contingent on certain EBITDA targets being met. The acquisition will be financed equally from the Group's cash resources and through the issue of new ordinary shares in Utilitywise Plc. On the date of acquisition the Utilitywise Plc issued 394,736 new ordinary shares of 0.1p each.

Acquisition accounting has not yet been finalised and therefore disclosures around goodwill and net assets acquired have not been provided.

**Utilitywise Plc**  
**Company statement of financial position**

		12 months ended 31 July 2012	12 months ended 31 July 2011
	Note	£	£
<b>Non-current assets</b>			
Tangible assets	5	564,690	410,489
Fixed asset Investments	6	2,500,000	-
<b>Total non-current assets</b>		<b>3,064,690</b>	<b>410,489</b>
<b>Current assets</b>			
Debtors	7	2,258,380	5,545,717
Cash at bank and in hand		8,170,346	227,421
<b>Total current assets</b>		<b>10,428,726</b>	<b>5,773,138</b>
<b>Non current assets</b>			
Debtors	7	4,405,703	1,785,949
<b>Creditors</b>			
Amounts falling due within one year	8	4,373,065	4,079,810
<b>Net current assets</b>		<b>6,055,661</b>	<b>1,693,328</b>
<b>Creditors</b>			
Amounts falling due after more than one year	9	2,215,365	1,310,112
Provision for liabilities	12	48,655	57,945
<b>Total non-current liabilities</b>		<b>2,264,020</b>	<b>1,368,057</b>
<b>Net assets</b>		<b>11,262,034</b>	<b>2,521,709</b>
<b>Equity attributable to equity holders of the company</b>			
Called up share capital	13	61,426	100
Share premium	14	6,187,598	-
Share option reserve	14	20,952	-
Retained earnings	14	4,992,058	2,521,609
<b>Total equity</b>		<b>11,262,034</b>	<b>2,521,709</b>

The financial statements on pages 21 to 59 were approved by the Board of Directors and authorised for issue on 8 October 2012 and are signed on their behalf by

G Thompson  
 Chief Executive Officer

## **1. Accounting policies**

### **Basis of accounting**

The financial statements have been prepared under 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. Commissions are calculated based on expected energy use by the business customer at agreed commission rates with the energy suppliers.

### **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 - 20% on cost

Fixtures and fittings - 25% on cost

Motor vehicles - 33% on cost

Computer equipment - 25% on cost

### **Deferred taxation**

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

### **Pension costs**

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

**Operating lease agreements**

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

**Grants**

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

**Share based payments**

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

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

## 2. Staff costs

	12 months ended 31 July 2012	12 months ended 31 July 2011
	£	£
Wages and salaries	5,260,666	3,981,831
Social security costs	648,233	28,520
Other pension costs	61,684	21,900
Share option expense	18,112	-
	<u>5,988,695</u>	<u>4,032,251</u>

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

	12 months ended 31 July 2012	12 months ended 31 July 2011
Directors	3	3
Staff	219	171
	<u>222</u>	<u>174</u>

### Directors remuneration, included in staff costs

	£	£
Salaries	379,450	230,981
Pension contributions	58,350	21,900

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

### Money purchase schemes

3	2
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Information regarding the highest paid director is as follows

£	£
153,500	124,051

### 3. Operating profit

Operating profit is stated after charging

	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
Depreciation – owned assets	160,460	113,257
Auditors' remuneration	32,500	5,735
Grants	(9,031)	(3,924)
Operating leases	37,506	51,163

### 4. Interest payable and similar charges

	<b>12 months ended 31 July 2012</b>	<b>12 months ended 31 July 2011</b>
	<b>£</b>	<b>£</b>
Bank interest	885	314
Bank loan interest	-	-
PAYE fines	-	40,826
VAT interest	7,763	8,809
Factoring interest	2,128	9,514
	<b>10,776</b>	<b>59,463</b>



## 5. Tangible fixed assets

	Improvements to property £	Computer software £	Fixtures and Fittings £	Computer Equipment £	Motor Vehicles £	Totals £
<b>COST</b>						
At 1 August 2010	17,070	131,332	81,122	182,165	-	411,689
Additions	14,709	52,739	33,358	61,886	21,505	184,197
At 31 July 2011	31,779	184,071	114,480	244,051	21,505	595,886
<b>DEPRECIATION</b>						
At 1 August 2010	2,635	26,433	13,952	29,120	-	72,140
Charge for year	2,840	28,864	26,746	54,210	597	113,257
At 31 July 2011	5,475	55,297	40,698	83,330	597	185,397
<b>NET BOOK VALUE</b>						
At 31 July 2011	26,304	128,774	73,782	160,721	20,908	410,489

	Improvements to property £	Computer software £	Fixtures and Fittings £	Computer Equipment £	Motor Vehicles £	Totals £
<b>COST</b>						
At 1 August 2011	31,779	184,071	114,480	244,051	21,505	595,886
Additions	12,699	76,222	119,352	147,780	-	356,053
Disposals	31,779	-	-	560	21,505	53,844
At 31 July 2012	12,699	260,293	233,832	391,271	-	898,095
<b>DEPRECIATION</b>						
At 1 August 2011	5,475	55,297	40,698	83,330	597	185,397
Charge for period	2,130	39,381	42,283	71,887	4,779	160,460
Eliminated on disposal	7,064	-	-	12	5,376	12,452
At 31 July 2012	541	94,678	82,981	155,205	-	333,405
<b>NET BOOK VALUE</b>						
At 31 July 2012	12,158	165,615	150,851	236,066	-	564,690

## 6. Fixed asset investments

	Shares in subsidiaries £
<b>COST</b>	
As at 1 August 2011	-
Additions	2,500,000
At 31 July 2012	<u>2,500,000</u>
<b>AMOUNTS WRITTEN OFF</b>	
At 1 August 2011	-
Charge for period	-
At 31 July 2012	<u>-</u>
<b>NET BOOK VALUE</b>	
At 31 July 2012	<u>2,500,000</u>

The additions in the year relate to the acquisition of Eco Monitoring Utility Systems Limited. Further details regarding acquisitions are disclosed in note 12 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.

## 7. Debtors

	2012 £	2011 £
Amounts falling due within one year		
Trade debtors	862,786	1,289,455
Other debtors	58,262	34,457
Invoice finance debtor	-	-
Directors' current accounts	-	1,489,254
Prepayments and accrued income	1,337,332	2,732,551
	<u>2,258,380</u>	<u>5,545,717</u>
Amounts falling due after more than one year		
Amounts owed by participating interests	-	256,493
Amounts owed by subsidiaries	323,442	-
Prepayments and accrued income	4,082,261	1,529,456
	<u>4,405,703</u>	<u>1,785,949</u>

At 31 July 2012 there were trade debtors of £Nil (2011 £873,539) subject to financing arrangements.

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

	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
Trade creditors	582,452	166,257
Social security and other taxes	1,314,668	2,076,894
Invoice finance creditor	24	39,969
Accruals and deferred income	2,475,921	1,792,762
Deferred government grants	-	3,928
	<b>4,373,065</b>	<b>4,079,810</b>

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

	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
Accruals and deferred income	2,215,365	1,305,336
Deferred government grants	-	4,776
	<b>2,215,365</b>	<b>1,310,112</b>

**10. Operating lease commitments**

The following annual operating lease payments are committed to be paid

	<b>Land and buildings</b>	
	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
Expiring		
Within one year	-	-
Between one and five years	-	-
In more than five years	320,675	50,000
	<b>320,675</b>	<b>50,000</b>
	<b>Other operating leases</b>	
	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
Expiring		
Within one year	-	5,366
Between one and five years	61,904	26,237
In more than five years	-	-
	<b>61,904</b>	<b>31,603</b>

## 11. Secured debts

The following secured debts are included within creditors

	2012 £	2011 £
Invoice finance creditor	24	39,969

The invoice finance creditor is secured by the book debts of the company

## 12. Provision for liabilities

	2012 £	2011 £
Deferred tax	48,655	57,945

	Deferred tax £
Balance at 01 August 2011	57,945
Transfer from profit and loss account	(9,290)
Balance at 31 July 2012	48,655

## 13. Share capital

### Allotted and issued:

	2012 £	2011 £
61,425,842 Ordinary shares of 0.01p each	61,426	100

See note 21 to the consolidated financial statements for details of the movements in called-up share capital

## 14. Reserves

	Retained earnings £	Share premium account £	Share option reserve £
Balance brought forward	2,521,609	-	-
Profit for the financial year	2,520,349	-	-
Capitalisation of reserves	(49,900)	-	-
Share premium on issue of new shares	-	6,844,079	-
Listing costs	-	(656,481)	-
Share option expense	-	-	20,952
Balance carried forward	<u>4,992,058</u>	<u>6,187,598</u>	<u>20,952</u>

## 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 issued warrants to third party companies during the period. All options and warrants were issued on 12 June 2012.

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

	Number of share options	2012 Weighted average exercise price
At 01 Aug	-	-
Granted during the year	2,126,250	60p
Forfeited during the year	-	-
Exercised during the year	-	-
Outstanding at 31 July	2,126,250	60p
Exercisable at 31 July	-	-

## Warrants

	2012	
	Number of share options	Weighted average exercise price
At 01 Aug	-	-
Granted during the year	333,332	60p
Forfeited during the year	-	-
Exercised during the year	-	-
Outstanding at 31 July	333,332	60p
Exercisable at 31 July	-	-

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 during the year

	2012
<b>Equity settled - LTIPS</b>	
Risk free interest rate	0.37%
Expected volatility	37.0%
Expected option life (in years)	3
Weighted average share price (in pence)	60
Weighted average exercise price (in pence)	60
Weighted average fair value of options granted (in pence)	15
<b>Warrants</b>	
Risk free interest rate	0.26%
Expected volatility	33.0%
Expected warrant life (in years)	2
Weighted average share price (in pence)	60
Weighted average exercise price (in pence)	60
Weighted average fair value of warrants granted (in pence)	11

The share-based remuneration expense comprises

	2012
Equity settled - LTIPS	18,112
Warrants	2,840
	<b>20,952</b>

## 16. Transactions with directors

The following loans to directors subsisted during the year ended 31 July 2012 and year ended 31 July 2011

	2012 £	2011 £
<b>G Thompson</b>		
Balance outstanding at start of year	1,234,137	876,692
Amounts advanced	1,758,714	1,064,279
Amounts repaid	(2,992,851)	(706,834)
Balance outstanding at end of year	-	1,234,137
<b>G A Thompson</b>		
Balance outstanding at start of year	156,756	50,589
Amounts advanced	66,427	192,167
Amounts repaid	(223,183)	(86,000)
Balance outstanding at end of year	-	156,756
<b>A Richardson</b>		
Balance outstanding at start of year	98,361	15,295
Amounts advanced	42,282	150,066
Amounts repaid	(140,643)	(67,000)
Balance outstanding at end of year	-	98,361

During the year payments totalling £249,870 were made for services received from Hub Capital Partners Limited, in which R Feigen is a Director

## 17. Related party transactions

Related party transactions are disclosed in note 25 to the consolidated financial statements  
There were no other transactions with related parties during the year