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Evolve Analytics Limited
Annual report and financial statements
For the year ended 30 April 2017

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Evolve Analytics Limited

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

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Evolve Analytics Limited

Directors and advisers for the year ended 30 April 2017

Directors

A Duggan
J Richardson
I Fisher
A Fischer
A Fletcher
M Perkins (appointed 5 December 2016)
D Fox (appointed 5 December 2016)

Secretary

D Fox (appointed 6 December 2016)

Registered Office

Imperial Place 2
Maxwell Road
Borehamwood
Hertfordshire
WD6 1JN

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
101 Barbirolli Square
Lower Mosley Street
Manchester
M2 3PW

Solicitors

Eversheds LLP
1 Bridgewater Place
Water Lane
Leeds
West Yorkshire
LS11 5QR

Bankers

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

Evolve Analytics Limited

Strategic report for the year ended 30 April 2017

The directors present their strategic report and directors' report together with the audited financial statements for the year ended 30 April 2017.

Principal activities

The principal activity of the Company is the provision of consultancy services to utility providers.

Business review and future developments

Evolve Analytics Limited is a wholly owned subsidiary of RG Schultz LLP ("the Group"), forming part of the Analytics division of the Group. We aim to present a balanced and comprehensive review of the Company's performance and development during the year and its position at the year end. Our review is consistent with the size and nature of our business and also covers the principal risks and uncertainties faced by the Company. The development, performance and position of the Analytics division of the Group is discussed within the business and finance review of the Group's annual report, which does not form part of this report.

Having refocused the business on its core offering, being the identification of energy imbalance, management set out a clear strategy of developing its bespoke software, to become a meter point consumption data management tool. The software takes an end-to-end view of a supply point, rather than just the settlement versus billing imbalance. This strategy was implemented and accelerated during the year following market feedback. The first major client to commit has been Npower, one of the UKs "big 6" suppliers. The software was tested for the month of March 2016 and has been deployed to the wider Npower team since August 2016. This software is licensed for use directly by clients. This development and sales effort is being undertaken whilst the business continues with its core bureau service.

Development and performance of the business

The Company had a strong year ended 30 April 2017, characterised by the successful roll out of the software offering, as well as additional value being added with existing clients. The Company generated an operating profit before exceptional items of £1,147,000 (2016: £1,337,000).

The traditional bureau service had another successful year, generating both profit and cash well in excess of prior year. The working capital cycle was further shortened during the year, specifically Accrued Income and Trade Receivables have an average of 21 days during the year (2016: 29 days), 51 days at year end (2016: 14 days).

Results and dividends

The Company's balance sheet is set out on page 9. The directors consider that the financial position of the Company is satisfactory. The results for the Company show a pre-tax profit of £1,147,000 (2016: £1,293,000). During the year exceptional costs of £nil (2016: £44,000) were incurred, as detailed in note 6. There is a decrease in operating profit to £1,147,000 (2016: £1,337,000) before exceptional charges. Whilst competition for the core offering, which predominately comes from resource within Utility providers, remains high, the business continues to develop its offering across the sector with favourable feedback from the market. The Directors did not declare an ordinary dividend during the year (2016: £nil).

Evolve Analytics Limited

Strategic report for the year ended 30 April 2017 (continued)

Principal risks and uncertainties

The principal risks and uncertainties of RG Schultz LLP, which include those of the Company, are discussed within the business and finance review of the Group's annual report, which does not form part of this report.

The directors consider the following risks to be the most material or significant for the management of the business. These issues do not purport to be a complete list or explanation of all the risk factors facing the Company. In particular the Company's performance may be affected by changes in the market and/or economic conditions and changes in legal, regulatory or tax requirement legislation. Additional risks and uncertainties not presently known to the Company or that the Company currently deems immaterial may also impact the business.

Competition (operational and quality risk)

Certain customers generate material business levels for the Company. The loss of a key customer could affect profitability. Evolve closely manages the relationship with key customers, monthly review meetings to manage operations and further reviews to discuss future requirements.

Key personnel (people risks)

The Company has in place an experienced and motivated senior management team and considers its management team has strength in depth. However the loss of a significant number of key personnel could have an adverse impact on the Company's operations, reputation and future prospect. The senior team are personally incentivised to remain and grow the value of the business.

Intellectual property (operation and quality risks)

The Company uses proprietary software tools to analyse data. Whilst substantial efforts are made to ensure security and stability, the loss or theft of such intellectual property could affect the Company's competitive position. Evolve employs a strict IT policy that is reassessed and sent to all employees from sign off at least every 6 months, all contractors sign non-disclosure agreements.

Financial, operational and management information systems (financial risks and operational risks)

The successful operation of the Company's business depends on maintaining the integrity and operation of the Company's computer and communications systems. These systems incorporate disaster recovery and resilience planning but are vulnerable to damage or interruption from events which are beyond the control of the Company.

Key performance indicators

The directors of the Group manage the Group's operations on a divisional basis. The key performance indicators of the Group, applicable to all divisions of the Group, which includes the Company, are noted in the directors' report of the Group's annual report, which does not form part of this report. A specific KPI for Evolve Analytics is EBIT %, which is 50.8% (2016: 53.4%).

Approved by the Board of Directors and signed on behalf of the Board



A Duggan
Director

30 August 2017

Evolve Analytics Limited

Directors' report for the year ended 30 April 2017

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

Evolve Analytics Limited is a private company limited by shares. It is registered and incorporated in England.

Future developments

The future developments of the Company are discussed within the Strategic report on page 2.

Directors

The directors of the Company during the year and up to the date of signing the financial statements are

D Cruddace (resigned 6 December 2016)

A Duggan

D C Humphreys (resigned 6 December 2016)

J Richardson

I Fisher

A Fischer

A Fletcher

M Perkins (appointed 5 December 2016)

D Fox (appointed 5 December 2016)

Third party indemnity provision

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

Financial risk management

Financial risk management of the Company is included in note 14 to these financial statements.

Dividends

Details of dividends declared are given within the strategic report on page 2.

Statement of directors' responsibilities in respect of the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

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

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

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

Evolve Analytics Limited

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


Disclosure of information to auditors

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

Independent auditors

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

Approved by the Board of Directors and signed on behalf of the Board



A Duggan
Director
30 August 2017

Evolve Analytics Limited

Independent auditors' report to the members of Evolve Analytics Limited

Report on the financial statements

Our opinion

In our opinion, Evolve Analytics Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 30 April 2017 and of its profit and cash flows for the year then ended;
 - have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union; and
 - have been prepared in accordance with the requirements of the Companies Act 2006.
-

What we have audited

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

- the Balance Sheet as at 30 April 2017;
- the Income Statement for the year then ended;
- the Statement of Changes in Equity for the year then ended;
- the Cash Flow Statement for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is IFRSs as adopted by the European Union, and applicable law.

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

Opinions on other matters prescribed by the Companies Act 2006

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

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

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

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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

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

We have no exceptions to report arising from this responsibility.

Evolve Analytics Limited

Independent auditors' report to the members of Evolve Analytics Limited (continued)

Directors' remuneration

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

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

What an audit of financial statements involves

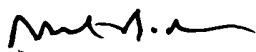
We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error.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

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

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

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

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



Nicholas Boden (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester

30 August 2017

Evolve Analytics Limited

Income statement for the year ended 30 April 2017

	Note	2017 £'000	2016 £'000
Revenue		2,256	2,422
Operating expenses		(1,109)	(1,085)
Operating profit before exceptional items		1,147	1,337
Exceptional items	6	-	(44)
Operating profit	4	1,147	1,293
Profit on ordinary activities before taxation		1,147	1,293
Tax on profit on ordinary activities	7	(29)	(81)
Profit for the financial year	17	1,118	1,212

All items dealt with in arriving at the profit above relate to continuing activities.

The Company has not prepared a separate statement of comprehensive income as there are no items of comprehensive income or expense other than those included in the results above.

Evolve Analytics Limited

Balance sheet as at 30 April 2017

	Note	2017 £'000	2016 £'000
Assets			
Non-current assets			
Intangible fixed assets	8	1,444	1,058
Plant and equipment	9	63	62
Investments	10	3,543	3,543
		5,050	4,663
Current assets			
Trade and other receivables	12	1,465	1,184
Cash and cash equivalents		162	1,610
		1,627	2,794
Total assets		6,677	7,457
Liabilities			
Current liabilities			
Trade and other payables	13	(3,843)	(5,776)
Deferred tax liabilities	11	(125)	(90)
Total liabilities		(3,968)	(5,866)
Net assets		2,709	1,591
Equity			
Capital and reserves attributable to owners of the parent			
Share capital	15	12,491	12,491
Share premium	16	3,173	3,173
Accumulated losses	17	(12,955)	(14,073)
Total equity		2,709	1,591

These financial statements on pages 8 to 26 were approved by the Board of Directors and authorised for issue on 30 August 2017.

Signed on behalf of the Board of Directors



A Duggan
Director

Company registered number: 02950904

Evolve Analytics Limited

Statement of changes in equity for the year ended 30 April 2017

	Share capital	Share premium	Accumulated losses	Total Equity
Attributable to the owners of the parent:	£'000	£'000	£'000	£'000
Balance at 1 May 2015	12,491	3,173	(15,285)	379
Profit for the financial year being total comprehensive income	-	-	1,212	1,212
Balance at 1 May 2016	12,491	3,173	(14,073)	1,591
Profit for the financial year being total comprehensive income	-	-	1,118	1,118
Balance at 30 April 2017	12,491	3,173	(12,955)	2,709

Evolve Analytics Limited

Cash flow statement for the year ended 30 April 2017

	Note	2017 £'000	2016 £'000
Operating activities			
Net cash (used in)/generated from operations	18	(701)	1,616
Tax		-	-
Net cash (used in)/generated from operating activities		(701)	1,616
Investing activities			
Purchase of plant and equipment	8, 9	(747)	(581)
Net cash used in investing activities		(747)	(581)
Net (decrease)/increase in cash and cash equivalents		(1,448)	1,035
Cash and cash equivalents at the beginning of the year		1,610	575
Cash and cash equivalents at the end of the year		162	1,610

In the current and the prior year, cash and cash equivalents represents the net balance of cash.

Evolve Analytics Limited

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

1 General information

Evolve Analytics Limited is a private limited Company incorporated and domiciled in the United Kingdom (UK) under the Companies Act 2006. The nature of the Company's operations and its principal activities are set out in the directors' report.

The address of the registered office is Imperial Place 2, Maxwell Road, Borehamwood, Hertfordshire WD6 1JN. The registered number of the Company is 02950904.

The Company's financial statements are presented in sterling and rounded to the nearest thousand pounds (£'000) except when otherwise indicated.

The principal significant accounting policies adopted by the Company are set out in note 2. These policies have been consistently applied in all years presented unless otherwise stated.

2 Significant accounting policies

Basis of preparation

The financial statements have been prepared in accordance with the Companies Act 2006 as applicable to companies using EU adopted IFRS and interpretations issued by the IFRS IC and under the historic cost convention. The financial statements are prepared on a going concern basis. The following IFRS and IFRS IC interpretations do not have any material impact on the current or prior year financial statements, but may affect the accounting for future transactions or arrangements. At the date of the authorisation of these consolidated financial statements, the following IFRSs and International Accounting Standards (IAS) have been issued but are not effective for the Company:

(a) New standards, amendments and interpretations adopted by the Company

The following amendments have been adopted by the Company for the first time for the financial year beginning 1 May 2016. They have not had a material impact on the Company:

Annual improvements 2010-2012 (effective 1 July 2014) (endorsed for 1 Feb 2016)

Amendment to IAS 19, 'Employee benefits', on defined benefit plans (effective 1 July 2014) (endorsed for 1 Feb 2016)

Annual improvements 2011-2013 (effective 1 July 2014) (endorsed for 1 Jan 2016)

IFRIC 21, 'Levies' (effective 1 January 2014) (endorsed 17 June 2014)

(b) New standards, amendments and interpretations not yet adopted by the Company

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 May 2016 and have not been applied in preparing these consolidated financial statements. At the time of preparing this report the Group continues to assess the possible impact of the adoption of these standards in future periods and updates will be provided in a future annual report.

Evolve Analytics Limited

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

2 Significant accounting policies (continued)

Consolidation exemption

The Company is a wholly-owned subsidiary of EnServe Group Limited and of its ultimate parent, Grovepoint Holdings LLP. It is included in the consolidated financial statements of RG Schultz LLP which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing consolidated financial statements under the terms of Chapter 4 of part 16, section 400, of the Companies Act 2006.

Revenue

Revenue is recognised and accrued at the point there is confirmation from a third party, either customer or market intermediary, that in all likelihood revenue has been earned. The amount recorded is the expected amount receivable until the final commission amount is known. At this point, the commission is billed and the accrued income becomes a debtor of the Company for settlement under the agreed payment terms.

Pension costs

The Company operates a number of defined contribution pension schemes. Contributions to defined contribution pension schemes are expensed to the profit and loss account in the year which they relate. The assets of the scheme are held separately from those of the Company in an independently administered fund.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax recoverable is based on the taxable loss for the period. Taxable losses differs from net loss as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items of income or expense that are never taxable or deductible.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying value of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit as reported in the income statement.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with as an addition or reduction to equity.

Evolve Analytics Limited

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

2 Significant accounting policies (continued)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Exceptional items

Items that are both material and non-recurring and whose significance is sufficient to warrant separate disclosure and identification within the financial statements are referred to as exceptional costs. Items that may give rise to classification as exceptional costs include, but are not limited to, significant and material restructuring closures and reorganisation programmes, asset impairments and profits or losses on the disposal of businesses. Such items are disclosed separately within the financial statements.

Intangible assets

For software development expected to derive future economic benefits, directly attributable IT development costs, including staff costs, are capitalised. These are included within computer software development. Amortisation is charged so as to write off the cost or valuation of assets over their useful estimated lives, using the straight line method against the opening cost, on the following bases:

Computer software	- 25 per cent
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Plant and equipment

Plant and equipment are stated at historic cost less accumulated depreciation and any recognised impairment loss. Historic cost includes the expenditure that is directly attributable to the acquisition of related assets. Depreciation is charged so as to write off the cost or valuation of assets over their useful estimated lives, using the straight line method, on the following bases:

Computer hardware	- 25 per cent
Fixtures and fittings	- 20 per cent
Office equipment	- 20 per cent

Assets held under finance lease are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, over the term of the relevant lease.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement.

Investments

Investments in subsidiaries are stated at cost less any provision for impairment.

Impairment of fixed assets

At each balance sheet date, the Company reviews the carrying values of its investments to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of the asset is estimated to be less than its carrying value, the carrying value of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in the income statement.

Evolve Analytics Limited

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

2 Significant accounting policies (continued)

Cash and cash equivalents

Cash and short-term deposits in the balance sheet comprise cash at banks and in hand and short-term deposits with an original maturity of three months or less. For the purpose of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event, and it is probable that the Company will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the Balance sheet date, and are discounted to present value where the effect is material.

Financial assets

Financial assets are recognised when the Company becomes party to the contracts that give rise to them and are classified as financial assets at fair value through profit or loss; loans and receivables; held-to maturity investments; or as available-for-sale financial assets, as appropriate. The Company determines the classification of its financial assets at initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial period-end. When financial assets are recognised initially, they are measured at fair value.

All regular way purchases and sales of financial assets are recognised on the trade date, being the date that the Company commits to purchase or sell the asset. Regular way transactions require delivery of assets within the timeframe generally established by regulation or convention in the market place. The subsequent measurement of financial assets depends on their classification, as follows:

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, do not qualify as trading assets and have not been designated as either fair value through profit and loss or available-for-sale. Such assets are carried at amortised cost using the effective interest method if the time value of money is significant. Gains and losses are recognised in the income statement when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Interest bearing loans and borrowings

Obligations for loans and borrowings are recognised when the Company becomes party to the related contracts and are measured initially at the fair value of consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Gains and losses arising on the repurchase, settlement or otherwise cancellation of liabilities are recognised respectively in finance revenue and finance cost.

Leases

Rentals paid under operating leases are charged to the income statement as incurred. Benefits received and receivable as an incentive to enter into an operating lease are spread on a straight line basis over the lease term.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction net of tax, from the proceeds.

Evolve Analytics Limited

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

3 Critical accounting estimates and judgements

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies.

Estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. 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 as follows:

Revenue recognition

Revenue is recognised and accrued at the point there is confirmation from a third party, either customer or market intermediary, that in all likelihood revenue has been earned. The amount recorded is the expected amount receivable until the final commission amount is known. At this point, the commission is billed and the accrued income becomes a debtor of the Company for settlement under the agreed payment terms.

Impairment of investments

The Company tests annually whether the investment has suffered impairment, in accordance with the stated accounting policy for purchased goodwill. The recoverable amounts of the investment have been determined based on value in use calculations, which require the use of estimates.

4 Operating profit

The operating profit for the year is stated after charging:	2017 £'000	2016 £'000
Staff costs (including directors) (note 5)	550	686
Depreciation of tangible fixed assets – owned (note 9)	32	26
Amortisation of intangible fixed assets – owned (note 8)	328	173
Operating leases (note 19)	22	22

Services provided by the Group's auditors

During the year the Group obtained the following services from its auditor at costs as detailed below:

	2017 £'000	2016 £'000
Audit services		
Fees payable to the Company's auditors for the company financial statements	23	15

Evolve Analytics Limited

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

The auditors' remunerations and fees for non-audit services for the year ended 30 April 2016 were borne by EnServe Group Limited.

5 Directors and employees

	2017 £'000	2016 £'000
The aggregate payroll costs, including directors and excluding capitalised labour costs were:		
Wages and salaries	479	584
Social security costs	51	86
Other pension costs	20	16
	550	686

The average monthly number of full-time, part-time and temporary employees during the year were:

	2017	2016
Management	2	2
Operations and administration	21	16
	23	18

The highest paid director by the Company for the year was £179,168 (2016: £278,244).

	2017	2016
Aggregate emoluments	179	278
Pension costs – defined contribution schemes	7	9
	186	287

6 Exceptional items

	2017 £'000	2016 £'000
Recognised in arriving at operating profit/(loss) from continuing operations		
Write off of intercompany loan	-	(4)
Garden leave payments	-	(29)
Legal costs re dispute with employee	-	(11)
	-	(44)

Write off of intercompany loan

This relates to an intercompany loan due from a fellow Group company which was assessed as being irrecoverable.

Evolve Analytics Limited

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

6 Exceptional items (continued)

Garden leave

This represents redundancy payments to a former employee.

Legal costs

This represents the cost of a legal dispute with a former employee who left the Company without paying back a relocation payment received on condition of remaining with the business for a minimum period.

7 Tax on profit on ordinary activities

(a) Tax on profit/(loss) on ordinary activities

	2017 £'000	2016 £'000
Current tax		
Corporation tax at 19.92% (2016: 20.00%)	15	12
Adjustments in respect of prior years	(21)	(12)
Total current tax	(6)	-
Deferred tax (note 11)		
Current year	51	58
Adjustments in respect of prior years	-	36
Effects of changes in tax rates	(16)	(13)
Total deferred tax	35	81
Tax on profit/(loss) on ordinary activities	29	81

(b) Factors affecting the tax charge for the year

The tax for the year is lower (2016: lower) than the standard effective rate of corporation tax in the UK for the year ended 2017 of 19.92% (2016: 20.0%). This reconciles as follows:

	2017 £'000	2016 £'000
Profit/(loss) on ordinary activities before tax:	1,147	1,293
Profit/(loss) on ordinary activities at 19.92.% (2016: 20.00%)	228	259
Adjustments in respect of prior years	4	24
Transfer pricing adjustments	(24)	(44)
Tax rate changes	(16)	(13)
Effects of group relief/ other reliefs	(142)	(150)
RDEC	(21)	5
Tax on profit/(loss) on ordinary activities	29	81

(c) Factors affecting current and future tax charges

A change to the UK corporation tax rate was announced in the chancellor's budget on 16 March 2017. The change announced is to reduce the main rate to 17% from 1 April 2020. Changes to reduce the UK corporation tax rate to 19% from 1 April 2017 and to 18% from 1 April 2020 had already been substantively enacted on 26 October 2016. As the change had not been substantively enacted by the Balance Sheet date, its effects are not included in these financial statements.

Evolve Analytics Limited

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

8 Intangible fixed assets

	Computer software development £'000
Cost	
At 1 May 2015	763
Additions	573
At 1 May 2016	1,336
Additions	714
Disposals	(76)
At 30 April 2017	1,974
Accumulated amortisation	
At 1 May 2015	(105)
Amortisation charge	(173)
At 1 May 2016	(278)
Amortisation charge	(328)
Disposals	76
At 30 April 2017	(530)
Net book value	
At 30 April 2017	1,444
At 30 April 2016	1,058

Included within additions for the year is £597,000 of internal staff costs (2016: £454,000) incurred as part of software development.

9 Plant and equipment

	Plant and equipment £'000
Cost	
As at 1 May 2016	143
Additions	33
Disposals	(61)
As at 30 April 2017	115
Accumulated depreciation	
As at 1 May 2016	(81)
Charge for the year	(32)
Disposals	61
As at 30 April 2017	(52)
Net book value:	
At 30 April 2017	63
At 30 April 2016	62

Evolve Analytics Limited

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

10 Investments

	2017 £'000	2016 £'000
At 1 May	3,543	3,543
Impairment of investment	-	-
At 30 April	3,543	3,543

At 30 April 2017 the Company held more than 20% of the allotted share capital of the following subsidiary undertaking.

Subsidiary Undertaking	Registered Address	Nature of business
Revenue Assurance Consulting Limited	Imperial Place, 2 Maxwell Road, Borehamwood, England WD6 1JN	Non trading
UBM Limited	Imperial Place, 2 Maxwell Road, Borehamwood, England WD6 1JN	Non trading
Revenue Assurance Debt Collections Limited	Imperial Place, 2 Maxwell Road, Borehamwood, England WD6 1JN	Non trading
Revenue Assurance Meter Point Services Limited	Imperial Place, 2 Maxwell Road, Borehamwood, England WD6 1JN	Non trading
Revenue Assurance Services Acquisitions Limited	Imperial Place, 2 Maxwell Road, Borehamwood, England WD6 1JN	Non trading
Revenue Assurance Services Holdings Limited	Imperial Place, 2 Maxwell Road, Borehamwood, England WD6 1JN	Non trading
Revenue Assurance Services Group Limited	Imperial Place, 2 Maxwell Road, Borehamwood, England WD6 1JN	Non trading
Powerdebt Limited	Imperial Place, 2 Maxwell Road, Borehamwood, England WD6 1JN	Non trading
Utility Billing & Metering Limited	Imperial Place, 2 Maxwell Road, Borehamwood, England WD6 1JN	Non trading

Evolve Analytics Limited

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

11 Deferred tax liabilities

The following are the major deferred tax liabilities recognised by the Company and the movements thereon during the current and prior reporting year:

	Accelerated tax depreciation £'000
Balance at 1 May 2015	9
Adjustments in respect of prior years	36
Charge to the income statement	45
Balance at 30 April 2016	90
Adjustments in respect of prior years	-
Charge to the income statement	35
Balance at 30 April 2017	125

At the balance sheet date the Company has unused tax losses of £1,609,052 (2016: £2,116,723) available for offset against future profits. No deferred tax asset has been recognised in respect of £1,609,052 (2016: £1,630,204) due to the unpredictability of future profits. All losses may be carried forward indefinitely.

12 Trade and other receivables

	2017 £'000	2016 £'000
Current assets		
Trade receivables	356	109
Prepayments and other debtors	60	68
Amounts owed by Group companies	900	890
R&D tax credit	53	87
Accrued income	96	30
	1,465	1,184

Amounts owed by Group companies are unsecured, non-interest bearing and repayable upon demand.

Evolve Analytics Limited

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

12 Trade and other receivables (continued)

The average credit period taken for trade receivables is 21 days (2016: 15 days). Accrued income relates to work performed not yet invoiced. The amount is recognised when there is sufficient evidence of performance under the related customers' arrangement and the items can be measured at monetary amount within sufficient reliability.

Trade receivables that are less than 2 months past due are not considered impaired.

As of 30 April 2017, trade receivables of £74,880 were past due but not impaired (2016: £nil). These relate to an independent customer for whom there is no recent history of default. The ageing analysis of the trade receivables is as follows:

	2017 £000	2016 £000
One to two months	281	109
Two to four months	75	-
	356	109

Provision for impairment of trade receivables is £nil (2016: £nil).

All the Company's receivables are denominated in UK Sterling.

The other classes within trade and other receivables do not contain assets which are considered to be impaired.

The maximum exposure to credit risk at the reporting date is the carrying value of each receivable mentioned above. The Company does not hold any collateral as security. No further credit risks noted.

13 Trade and other payables

	2017 £000	2016 £000
Trade payables and accruals	55	51
Other taxation and social security cost	143	224
Amount owed to Group undertakings	3,543	5,246
Accruals and other creditors	102	255
	3,843	5,776

Trade creditors and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 30 days (2016: 68 days). The directors consider that the carrying amount of trade payables approximates to their fair value. No risk regarding impairment noted.

Amounts due to Group companies

These balances are non-interest bearing, have no fixed repayment term and are unsecured.

Evolve Analytics Limited

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

14 Financial instruments

The Company's principal financial instruments comprise loans from Group companies. The main purpose of these financial liabilities is to raise finance for the Company's operations. The Company also has loans to and from fellow subsidiaries.

The main risk arising from the Company's financial instruments is interest rate risk. There are no significant liquidity, foreign currency or credit risks.

Interest rate risk

The financial assets and financial liabilities of the Company are non-interest bearing and therefore are not subject to interest rate risk.

Liquidity risk

Schultz Parent Limited and the head office team manage the liquidity risk in the Group and they monitor the cash flow position of the Group to prevent shortage of funds to meet liabilities when they fall due.

Foreign currency risk

The Company has no significant foreign currency risk as very few transactions are carried out in currency other than Sterling.

Credit risk

The Company operates effective credit control procedures in order to minimise exposure to overdue debts. There are credit limits set for all customers that are regularly monitored to ensure appropriateness.

The maturity profile of the financial liabilities of the Company as at 30 April 2017 and 30 April 2016 based on contractual undiscounted payments is as follows:

As at 30 April 2017

	On demand £'000	Less than 3 months £'000	3-12 months £'000	Total £'000
Amounts due to Group companies	-	-	3,543	3,543
Trade and other payables	-	58	99	157
	-	58	3,642	3,700
As at 30 April 2016	On demand £'000	Less than 3 months £'000	3-12 months £'000	Total £'000
Amounts due to Group companies	-	-	5,246	5,246
Trade and other payables	-	121	185	306
	-	121	5,431	5,552

Evolve Analytics Limited

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

14 Financial instruments (continued)

Capital management

The Company's primary capital management objective is to maintain a strong credit rating and healthy capital ratios. The Company monitors capital using return on capital employed (ROCE), which is operating profit divided by net assets.

15 Share capital

	Ordinary shares of £1.00 each No.	Nominal value of ordinary shares of £1.00 each £000
Issued and fully paid:		
As at 1 May 2016	12,491,629	12,491
As at 30 April 2017	12,491,629	12,491

16 Share premium

	Share premium £000
As at 1 May 2016 and 30 April 2017	3,173

17 Accumulated losses

	Accumulated losses £000
As at 1 May 2015	(15,285)
Profit for the financial year being total comprehensive income	1,212
As at 1 May 2016	(14,073)
Profit for the financial year being total comprehensive income	1,118
As at 30 April 2017	(12,955)

Evolve Analytics Limited

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

18 Notes to the cash flow statement

	2017 £000	2016 £000
Operating profit from operations	1,147	1,293
(Increase)/decrease in receivables	(275)	22
(Decrease)/increase in creditors	(1,933)	102
Depreciation of property plant and equipment (note 9)	32	26
Amortisation of intangible software (note 8)	328	173
Net cash (used in)/generated from operations	(701)	1,616

19 Guarantees and financial commitments

The Company has outstanding commitments for future aggregate minimum lease payments under non-cancellable operating leases:

	Land and buildings	
	2017 £000	2016 £000
Expiring:		
Within one year	36	18
Between one to five years	36	73
	72	91

Operating lease payments represent rentals payable by the Company for its place of business office property. A new 10 year lease was entered into on 20 December 2014. The lease incorporates a tenant's only option to break at the expiry of the 5th year. The annual rent is £36,405, however year 1 is rent free, years 2 and 3 are half rent and years 4 and 5 are full rent.

The Company has in place an unlimited cross party bank guarantee between itself and certain of its fellow subsidiary companies. The resultant guarantee amounted to £18,000,000 at 30 April 2017 (2016: £35,000,000).

Evolve Analytics Limited

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

20 Related party transactions

The following transactions were carried out with related parties:

Year-end balances arising from borrowings:	2017 £000	2016 £000
Other subsidiary undertakings of Schultz Parent Limited	2,643	4,356

21 Ultimate controlling party

Ultimate and immediate parent undertaking

The immediate parent undertaking is EnServe Group Limited, a company which is registered in England and whose registered office is at 8-12 York Gate, London, NW1 4QG.

RG Schultz LLP is the parent undertaking of the largest group of undertakings to consolidate these financial statements. The consolidated financial statements of RG Schultz LLP are available from 8-12 York Gate, London, NW1 4QG.

The directors consider Grovepoint Holdings LLP to be the ultimate parent undertaking.