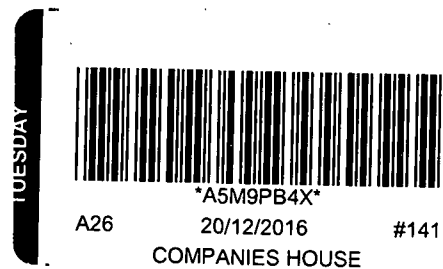


Registered number 07479219

Etihad Topco Limited
Annual report and financial statements
for the year ended 30 April 2016



Etihad Topco Limited

Annual report and financial statements for the year ended 30 April 2016

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Etihad Topco Limited

Directors and advisers

Directors

Vitruvian Directors I Limited
Vitruvian Directors II Limited
Chris Earle
Paul Doherty
Piotr Nowosad
Eric Geoffrey Unwin
Zillah Byng-Thorne
Paul Dollman

Secretary

Gillian Hill

Registered office

Universal House
Longley Lane
Manchester
M22 4SY

Bankers

Lloyds TSB
53 King Street
Manchester
M2 4LQ

Independent auditors

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

Etihad Topco Limited

Strategic report

The directors present their Strategic report for the year ended 30 April 2016. In preparing this Strategic report, the directors have complied with s414C of the Companies Act 2006. This Strategic report has been prepared for the group as a whole and therefore gives greater emphasis to those matters which are significant to Etihad Topco group and its subsidiary undertakings when viewed as a whole.

Review of the business and Key Performance Indicators (KPI's)

The main financial KPI's used by the directors in assessing performance are Revenue, operating profit and Earnings before Interest, Tax, Depreciation and Amortisation 'EBITDA', as set out below:

	Group Year ended 30 April 2016 £'000	Group Year ended 30 April 2015 £'000	Growth £'000	Growth %
Revenue	104,107	84,943	19,164	22.6
Operating profit	28,547	26,428	2,119	8.0
Amortisation of intangible assets	4,273	3,374		
Depreciation of property, plant and equipment	315	215		
EBITDA	33,135	30,017	3,118	10.4
EBITDA %	31.8%	35.3%		

Group revenue for the year is £104,107,000, an increase of £19,164,000 (22.6%) on the prior year, primarily due to continued growth across utilities. In March 2016, the group acquired Business Comms Solution Limited, a company incorporated in England and Wales which is engaged in the supply of communication services to the SME market in the UK, which has facilitated the continued expansion of the services that the group is able to offer to its customers. Further information on the impact of Business Comms Solution Limited on the group performance is provided in note 15 to the group financial statements.

The group has reported an operating profit of £28,547,000 for the year, an increase of £2,119,000 (8.0%) on the prior year. EBITDA has increased by £3,118,000 (10.4%) from £30,017,000 to £33,135,000. Cash generated by operations, before interest and tax payments, was £29,123,000, representing 87.9% of EBITDA (2015: £27,289,000, 90.9% of EBITDA).

In October 2015, the group repaid the existing senior borrowings and loan notes, and secured a new senior loan facility, which was increased on 10 March 2016 to a total available facility of £250,000,000 (plus £5,000,000 revolving facility). Further information on the new borrowings is provided in notes 17 and 18 to the group financial statements. As part of the refinancing and restructuring of the group, a new subsidiary company, Verastar Holdings Limited, was incorporated into the group.

After net finance costs of £14,224,000 (2015: £11,931,000) and a taxation charge of £3,342,000 (2015: £3,020,000), the profit for the year attributable to equity holders of the parent company of £10,981,000 (2015: £11,477,000) has been transferred to reserves.

The group's net assets decreased from £25,834,000 at 30 April 2015 to net liabilities of £32,551,000 at 30 April 2016, due to the impact of the refinancing of senior debt and the draw-down of additional borrowings to fund the payment of dividends during the year.

Other key performance indicators

The main non-financial KPI monitored by the directors is the total number of individual services supplied to customers; the total number of services has increased by 15.9% from 207,000 at April 2015 to 240,000 at April 2016.

Etihad Topco Limited

Strategic report (continued)

Principal risks and uncertainties

The directors have fully considered all known risks and uncertainties which may affect the group and company in the future. The primary business risks are as follows:

1. Changes in the regulatory environment; and
2. Reduction in the use of fixed line telephone services as a result of changes in technology.

The directors believe that these factors are unlikely to have a material adverse effect on the group and company for the foreseeable future.

Financial risk management objectives and policies

The group's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk.

Credit risk

The group's principal financial assets are cash and trade receivables; credit risk for the group is primarily attributable to trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful amounts. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows. The group has no significant concentration of credit risk with regards to trade receivables, as exposure is spread over a large number of customers. The credit risk on cash balances is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

Cash flow risk

The group is exposed to cash flow risk on senior debt where interest charges are linked to LIBOR. The group enters into interest rate swaps, the effect of which is to classify £118.3 million (2015: £nil) of the Group's borrowings as fixed rate, which reduces the exposure to cash flow risk.

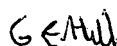
Liquidity risk

In order to maintain liquidity, and to ensure that sufficient funds are available for ongoing operation and future developments, the group uses a mixture of long term and short term debt finance, and has further undrawn facilities available.

Future developments

The group and company research customer requirements to ensure the ongoing development of future products, and use the latest technology available to assist with the smooth running of their activities. The directors anticipate current levels of trading performance to continue for the foreseeable future.

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



Gillian Hill
Company Secretary
21 November 2016
Universal House
Longley Lane
Manchester
M22 4SY

Etihad Topco Limited

Directors' report

The directors present their report and the audited consolidated and company financial statements for the year ended 30 April 2016.

Principal activity

The company's principal activity is that of a holding company for subsidiaries engaged in the provision of communication and utility services, including gas, electricity and water services, to the SME market in the United Kingdom.

Results and dividends

The profit for the year amounted to £10,981,000 (2015: £11,477,000). Interim dividends of £43,106,000 (£43.40 per share) were proposed and paid in October 2015, and further interim dividends of £26,473,000 (£26.60 per share) were proposed and paid in January 2016 (2015: no interim dividends declared).

Events after the balance sheet date

In July 2016, the group acquired TBO Holdings Limited and TDO Holdings Limited, both registered in England and Wales. Initial cash consideration was £4,470,000, with contingent consideration dependent upon future trading performance. There have been no other significant events since the year end.

Matters covered in the Strategic report

The Strategic report prepared by the directors contains information relating to the future developments of the group and its financial risk management, as well as the key performance indicators used by the directors.

Going concern

The directors have a reasonable expectation that the group and company have adequate resources to continue in operational existence for the foreseeable future, thus they adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in note 2 to the consolidated financial statements.

Directors

The directors of the company who were in office during the year and to the date of signing of the financial statements, unless otherwise stated, were as follows:

Vitruvian Directors I Limited
Vitruvian Directors II Limited
Chris Earle
Richard Houghton (resigned 31 July 2016)
Paul Doherty
Piotr Nowosad
Eric Geoffrey Unwin (appointed 1 September 2015)
Zillah Byng-Thorne (appointed 1 October 2015)
Paul Dollman (appointed 1 April 2016)

Directors' indemnities

As permitted by the Articles of Association, the directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The Company also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its directors.

Disabled employees

The group and company give full consideration to applications for employment from disabled persons where the requirements for the job can be adequately fulfilled by a disabled person.

Where existing employees become disabled it is the group and company's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion wherever appropriate.

Etihad Topco Limited

Directors' report (continued)

Employee involvement

The group and company have established a practice of keeping employees informed of matters affecting them as employees and the financial and economic matters affecting the performance of the group and company.

Disclosure of information to auditors

Each person who is a director at the time of approval of this report has confirmed that:

- As far as they are aware, there is no relevant audit information of which the company's auditors are unaware; and
- They have taken all the steps that they ought to have as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of the Companies Act 2006.

Statement of directors' responsibilities

The directors are responsible for preparing the Annual 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 prepared the group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union, and the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) comprising Financial Reporting Standard 102 'The Financial Reporting Standard Applicable in the UK and Republic of Ireland' (FRS 102). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and of the profit or loss of the group for that period. 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 IFRSs as adopted by the European Union and applicable UK Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the group and parent company financial statements respectively;
- 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. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent Auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Approved by the Board and signed on its behalf by



Gillian Hill
Company Secretary
21 November 2016
Universal House
Longley Lane
Manchester
M22 4SY

Etihad Topco Limited

Independent auditors' report to the members of Etihad Topco Limited

Report on the group financial statements

Our opinion

In our opinion, Etihad Topco Limited's group financial statements (the 'financial statements'):

- give a true and fair view of the state of the group's affairs as at 30 April 2016 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 Consolidated balance sheet as at 30 April 2016;
- the Consolidated statement of total comprehensive income for the year then ended;
- the Consolidated cash flow statement for the year then ended;
- the Consolidated statement of changes in equity for the year then ended; and
- the Notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, 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.

Other matters on which we are required to report by exception

Adequacy of 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. We have no exceptions to report arising from this responsibility.

Directors' remuneration

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

Etihad Topco Limited

Independent auditors' report to the members of Etihad Topco Limited (continued)

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 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

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

What an audit of financial statements involves

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

- whether the accounting policies are appropriate to the group's 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.

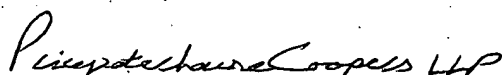
We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

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.

Other matter

We have reported separately on the company financial statements of Etihad Topco Limited for the year ended 30 April 2016.



Simon White (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester
21 November 2016

Etihad Topco Limited

Consolidated statement of total comprehensive income For the year ended 30 April 2016

	Note	Year ended 30 April 2016 £'000	Year ended 30 April 2015 £'000
Revenue	4	104,107	84,943
Cost of sales		(51,955)	(37,254)
Gross profit		52,152	47,689
Administrative expenses		(23,605)	(21,261)
Operating profit		28,547	26,428
Finance income	8	28	29
Finance costs	9	(14,252)	(11,960)
Net finance costs		(14,224)	(11,931)
Profit before tax		14,323	14,497
Tax	10	(3,342)	(3,020)
Profit for the year attributable to equity holders of the parent company	5	10,981	11,477
Other comprehensive result (net of tax)		-	-
Total comprehensive income attributable to equity holders of the parent company		10,981	11,477

Etihad Topco Limited

Consolidated balance sheet As at 30 April 2016

	Note	2016 £'000	2015 £'000
Non-current assets			
Goodwill	11	120,832	118,421
Other intangible assets	12	9,982	4,404
Property, plant and equipment	13	1,738	1,468
Deferred tax asset	19	-	915
		132,552	125,208
Current assets			
Trade and other receivables	16	11,753	9,038
Cash and cash equivalents		8,115	6,298
		19,868	15,336
Total assets		152,420	140,544
Current liabilities			
Trade and other payables	20	7,068	6,923
Current tax liabilities		1,044	1,772
Borrowings - senior loan	17	4,170	8,125
Provisions	21	10	10
		12,292	16,830
Non-current liabilities			
Borrowings - senior loan	17	170,807	40,043
Borrowings - loan notes	17	-	56,922
Provisions	21	34	50
Deferred tax liabilities	19	1,838	865
		172,679	97,880
Total liabilities		184,971	114,710
Net (liabilities)/assets		(32,551)	25,834
Equity			
Share capital	22	10	10
Share premium	22	1,252	1,021
Own shares	23	(44)	(26)
Retained (deficit)/earnings		(33,769)	24,829
Equity attributable to owners of the parent company		(32,551)	25,834

The consolidated financial statements and notes of Etihad Topco Limited on pages 8 to 35 were approved by the board of directors and authorised for issue on 21 November 2016. They were signed on its behalf by:



Paul Doherty

Director

Company Registered number 07479219

Etihad Topco Limited

Consolidated statement of changes in equity

Equity attributable to owners of the parent company

	Note	Share capital £'000	Share Premium £'000	Own shares £'000	Retained (deficit)/ earnings £'000	Total equity £'000
At 1 May 2014		10	1,021	(2)	13,352	14,381
Profit for the year		-	-	-	11,477	11,477
Total comprehensive income for the year		-	-	-	11,477	11,477
Acquisition of own shares			-	(24)	-	(24)
At 30 April 2015		10	1,021	(26)	24,829	25,834
Profit for the year		-	-	-	10,981	10,981
Total comprehensive income for the year		-	-	-	10,981	10,981
Issue of share capital	22	-	231	-	-	231
Dividends	24	-	-	-	(69,579)	(69,579)
Acquisition of own shares	23	-	-	(18)	-	(18)
Total items recognised directly in equity		-	231	(18)	(69,579)	(69,366)
At 30 April 2016		10	1,252	(44)	(33,769)	(32,551)

Etihad Topco Limited

Consolidated cash flow statement For the year ended 30 April 2016

	Note	Year ended 30 April 2016 £'000	Year ended 30 April 2015 £'000
Net cash (outflow)/inflow from operating activities	25	(7,463)	18,367
Investing activities			
Interest received		28	7
Payment to acquire other intangible assets		(4,720)	(3,289)
Purchase of property, plant and equipment	13	(603)	(339)
Proceeds on disposal of property, plant and equipment		16	-
Acquisition of subsidiaries, net of cash acquired	15	(5,422)	-
Net cash used in investing activities		(10,701)	(3,621)
Financing activities			
Drawdown of senior loan		181,670	-
Repayment of senior loan		(49,686)	(11,658)
Loan arrangement fees paid		(7,510)	-
Repayment of loan notes		(35,127)	(4,376)
Dividends paid	24	(69,579)	-
Acquisition of own shares	23	(18)	(12)
Net proceeds on issue of shares	22	231	-
Net cash generated by/(used in) financing activities		19,981	(16,046)
Net increase/(decrease) in cash		1,817	(1,300)
Cash and cash equivalents at beginning of year		6,298	7,598
Cash and cash equivalents at end of year		8,115	6,298

Etihad Topco Limited

Notes to the consolidated financial statements

1 General information

Etihad Topco Limited is a company incorporated in the United Kingdom under the Companies Act 2006. The address of the registered office is given on page 1. The nature of the group's operations and its principal activities are set out in the Strategic report on pages 2 to 3.

2 Significant accounting policies

Basis of accounting

The consolidated financial statements have been prepared on a going concern basis, under the historic cost convention, in accordance with the Companies Act 2006, and in accordance with IFRSs as adopted by the EU. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

The presentational currency of the group is Sterling, which is the functional currency of all companies within the group, and rounded to the nearest thousand pounds. There are very few transactions in currencies other than Sterling; any such transactions are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Gains and losses arising on retranslation are included in the Statement of comprehensive income for the year.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or liability, the group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for measurements that have some similarities to fair value but are not fair value, such as value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurements date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

In preparing the financial statements, the directors are required to use certain critical accounting estimates and are required to exercise judgement in the application of accounting policies. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. Further details are provided in note 3.

The principal accounting policies set out in this note have been consistently applied to all the periods presented. The following standards have been adopted by the group for the first time for the financial year beginning on 1 May 2015:

- Annual improvements 2010-2012 (effective 1 July 2014) (endorsed for 1 Feb 2015)
- Annual improvements 2011-2013 (effective 1 July 2014) (endorsed for 1 Jan 2015)
- IFRIC 21, 'Levies' (effective 1 January 2014) (endorsed 17 June 2014)

The adoption of the new and amended standards above has not had a material impact on the group financial statements.

Notes to the consolidated financial statements (continued)

2 Significant accounting policies (continued)

Basic of accounting (continued)

The following new standards and amendments to standards, which have been issued but are not yet effective, and have not been early adopted by the group:

- Annual improvements 2012-2014 (effective 1 January 2016)
- Amendment to IFRS 11, 'Joint arrangements' on acquisition of an interest in a joint operation', (effective 1 January 2016) (subject to EU endorsement)
- Amendment to IAS 16, 'Property, plant and equipment' and IAS 38, 'Intangible assets', on depreciation and amortisation (effective 1 January 2016) (subject to EU endorsement)
- Amendments to IAS 16, 'Property, plant and equipment' and IAS 41, 'Agriculture' on bearer plants (effective 1 January 2016) (subject to EU endorsement)
- Amendments to IAS 27, 'Separate financial statements' on equity accounting (effective 1 January 2016) (subject to EU endorsement)
- Amendments to IFRS 10, 'Consolidated financial statements' and IAS 28, 'Investments in associates and joint ventures' on applying the consolidation exemption (effective 1 January 2016) subject to EU endorsement
- Amendments to IAS 1, 'Presentation of financial statements' disclosure initiative (effective 1 January 2016) (subject to EU endorsement)
- IFRS 9, 'Financial Instruments' (effective 1 January 2018)
- IFRS 15, 'Revenue from contracts with customers' (effective 1 January 2018)
- IFRS 16, 'Leases' (effective 1 January 2019)

The directors do not expect that the adoption of the Standards and Interpretations listed above will have a material impact on the financial statements of the group in future periods, except as that IFRS 9 will impact both the measurement and disclosure of Financial Instruments, and IFRS 15 may impact on the timing and accounting treatment of revenue and customer acquisition costs.

Beyond the information above, it is not practicable to provide a reasonable estimate of the effect of these standards until a detailed review has been completed.

Basis of consolidation

The group accounts comprise a consolidation of the company and entities controlled by the company, drawn up to 30 April each year. Control is achieved when the company:

- has power over the investee;
- is exposed, or has rights, to variable return from its involvement with the investee; and
- has the ability to use its power to affect its returns.

Results of subsidiaries acquired or sold are consolidated for the periods from or to the date on which control passed. All intra-group assets and liabilities, equity, income, expenses and cashflows relating to transactions between members of the group are eliminated on consolidation.

Going concern

The directors have, at the time of approving the financial statements, a reasonable expectation that the company and the group have adequate resources to continue in operational existence for a period of at least 12 months, thus they adopt the going concern basis of accounting in preparing the annual financial statements.

Further information on the financial position of the group, its financial risk management objectives and its exposure to credit risk and liquidity risk is contained in the Strategic report.

The group meets its day to day working capital requirements through cash generated from operating activities, although a revolving credit facility is also in place. The group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the group should continue to be able to operate using cash generated from operations, and that no additional borrowing facilities will be required.

Etihad Topco Limited

Notes to the consolidated financial statements (continued)

2 Significant accounting policies (continued)

Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition date fair values of assets transferred by the group, liabilities incurred by the group to the former owners of the acquiree and the equity interest issued by the group in exchange for control of the acquiree. Acquisition related costs are recognised in profit or loss as incurred.

Goodwill is measured as the excess of the sum of the consideration transferred over the net of the fair values at acquisition date of the identifiable assets acquired and the liabilities assumed.

When the consideration transferred by the group in a business combination includes an asset or liability resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments arise from additional information obtained during the 'measurement period', which cannot exceed one year from the acquisition date, about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IAS 39, or IAS 37 as appropriate, with the corresponding gain or loss being recognised in profit or loss.

Goodwill

Goodwill is initially recognised and measured as set out above. Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the group's cash-generating units expected to benefit from the goodwill. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit, and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales-related taxes. Revenue is only recognised when it can be reliably measured and it is considered probable that the future economic benefits associated with the transaction will flow to the group, normally when collection of the resulting receivable is reasonably assured.

Appropriate adjustments are made where invoices are raised either in advance or in arrears, to ensure that revenue is recognised in the period to which it relates. The recognition of revenue associated with the provision of gas, electricity, water and sewerage services to customers by the group relies on estimates of actual usage where meter readings are not available. These estimates are based on historical usage information, adjusted for known factors such as variations in weather.

Bundled packages

Where goods and/or services are sold in a bundled transaction, revenue is allocated to the different components of the transaction based on relative fair values, which are determined based on amounts charged by the company on a stand-alone basis, or alternatively, based on comparable pricing arrangements observable in the market.

Taxation

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

Notes to the consolidated financial statements (continued)

2 Significant accounting policies (continued)

Current tax

Current tax is based on taxable profit for the year. Taxable profit differs from net profit as reported in the Statement of total comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated by using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount 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 recognised for all taxable 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 which affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the assets is realised based on tax laws and rates that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current tax and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill, and may include customer lists and regulatory licences, and are initially recognised at their fair value at the acquisition date, which is regarded as their cost. Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately. Amortisation is charged to administrative expenses on a straight-line basis over the shorter of the customer life and the contractual period for customer contracts, and the shorter of the expected useful life and the licence term for regulatory licences.

Intangible assets acquired separately - customer contracts

Customer contracts acquired as a portfolio are initially measured at fair value. Assumptions are used in estimating the fair value of acquired intangible assets and include management's estimates of revenue and profits to be generated by the acquired contracts. Incremental costs incurred in acquiring individual customer contracts which confer a legal right to receive economic benefit for the duration of the contract are capitalised. Amortisation is charged to administrative expenses on a straight-line basis over the shorter of the customer life and the contractual period.

Intangible assets acquired separately – software licences

Software licences purchased are initially measured at cost and amortisation is charged to administrative expenses on a straight-line basis over their useful economic lives, which typically do not exceed a period of 4 years.

Notes to the consolidated financial statements (continued)

2 Significant accounting policies (continued)

Internally-generated intangible assets – software development

Expenditure on maintaining computer software programmes is recognised as an expense in the period in which it is incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the group, including internal staff costs, which are expected to generate economic benefits exceeding costs beyond one year, are recognised as intangible assets.

Computer software development costs recognised as intangible assets are amortised over their estimated useful lives, which typically do not exceed a period of 2 years, with all amortisation charged to administrative expenses.

Property, plant and equipment

Land and buildings used for administrative purposes, fixtures and fittings, and motor vehicles are stated in the balance sheet at historical cost, less accumulated depreciation and any impairment losses. Historical cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

On disposal of property, fixtures and fittings or motor vehicles, the difference between the sale proceeds and the net book value at the date of disposal is recorded in the statement of total comprehensive income.

Depreciation is recognised so as to write off the cost of assets (other than freehold land) less their residual values over their useful lives, using the straight line method, on the following bases:

Long Leasehold Property	-	over 50 years
Fixtures & Fittings	-	over 4 years
Motor Vehicles	-	over 4 years

Residual values, remaining useful economic lives and depreciation methods are reviewed annually and adjusted prospectively if required.

Impairment of non-current assets (excluding goodwill)

Intangible assets and property, plant and equipment are tested for impairment whenever there is an indication that an asset may be impaired. An impairment loss is recognised in the statement of total comprehensive income if the recoverable amount (being the higher of fair value less costs to sell and value in use) of an asset or cash generating unit falls below its carrying value in the balance sheet. Such impairment losses may be reversed in subsequent periods if there is an indication that the impairment loss recognised in prior years may no longer exist or may have decreased.

Financial instruments

Financial assets and financial liabilities are recognised in the group's balance sheet when the group becomes a party to the contractual provisions of the relevant instrument, and derecognised when it ceases to be a party to such provisions.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through the statement of total comprehensive income are recognised immediately in profit or loss.

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, including transaction 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.

Etihad Topco Limited

Notes to the consolidated financial statements (continued)

2 Significant accounting policies (continued)

Loans and receivables (continued)

The group's loans and receivables comprise of trade and other receivables and accrued revenue included within the consolidated balance sheet. Cash and bank balances includes cash held at bank and cash on hand.

Impairment provisions are recognised when there is objective evidence, for example, 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 of the 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 certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables includes the group's past experience of collecting payments.

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 statement of total comprehensive income. On confirmation that the trade receivables will not be collectable, the gross carrying value of the asset is written off against the associated provision. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

Financial liabilities and equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Ordinary shares are classified as equity; ordinary shares issued by the company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the company's own equity instruments.

Financial liabilities

Borrowings and loan notes are initially recognised at fair value net of any directly attributable transaction costs. These interest-bearing liabilities are subsequently measured at amortised cost using the effective interest method, with the interest expense charged at a constant rate on the outstanding liabilities.

Dividends

Dividends and other distributions to the group's shareholders are recognised as a liability in the financial statements in the period in which the dividends and other distributions are approved by the shareholders. These amounts are recognised in the statement of changes in equity.

Trade payables

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycles of the business if longer). If not, they are presented as non-current liabilities. Trade payables are recognised initially at fair value, which is usually the original invoiced amount, and subsequently carried at amortised cost using the effective interest method.

Other financial liabilities, including accruals, deferred consideration and onerous contract provisions, are initially recognised at fair value and subsequently measured at amortised cost.

Etihad Topco Limited

Notes to the consolidated financial statements (continued)

2 Significant accounting policies (continued)

Provisions

Provisions are recognised when the Group has a present obligation, legal or constructive, as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation.

Share-based payments

Occasionally, selected groups of employees are invited buy shares of Etihad Topco Limited; in such cases, the shares are issued by Etihad Topco Limited at fair value, for cash consideration. The group has not granted any share options, nor are there any other share-based payment transactions.

Employee benefit trust

The group operates and controls the Universal Utilities Employee Benefit Trust ('EBT'), primarily to acquire shares from individuals leaving employment with the group; the assets and liabilities of the EBT have been included in the group financial statements. The costs of purchasing own shares held by the EBT are shown as a deduction against equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the company's own equity instruments.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Rentals payable under operating leases are charged to income on a straight-line basis over the terms of the relevant lease, except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis over the lease term.

Retirement benefits

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Holiday pay

Paid holidays are regarded as an employee benefit and as such are charged to the statement of total comprehensive income as the benefits are earned. An accrual is made at each reporting date to reflect the fair value of holidays earned but not yet taken.

3 Critical accounting judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, which are described in note 2, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions 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 results may differ from these estimates and assumptions.

Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgements that the directors have made in the process of applying the group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

Notes to the consolidated financial statements (continued)

3 Critical accounting judgements and key sources of estimation uncertainty (continued)

Goodwill impairment review

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate a present value. 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. Further details are provided in note 11.

Other intangible assets

As set out in note 2, 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. Further information is provided in note 12.

Revenue recognition and recoverability of trade receivables

In certain circumstances, when a customer cancels a contract before the agreed end date, the group is entitled to charge a termination fee. Despite the fact that the group is contractually entitled to apply these fees, recoverability of this type of revenue has historically been lower than for other revenue streams.

The directors believe that, based on past performance and collection patterns, they can reliably measure the probable economic benefits that will flow to the group from termination fees; however, there is inevitably some variability in the level of recoverability of termination fees, which is taken into account when assessing the initial fair value.

After initial recognition of revenue and associated accounts receivable in relation to termination fees, the trade receivables are reviewed to estimate the level of provision required for irrecoverable debt, alongside other trade receivables. Provisions are made against the portfolio of trade receivables to appropriately reflect any uncertainty as to recoverability.

Historic data indicates that the variability in recoverability of termination fees within group entities is less than 20%. Should the assumptions on which termination fee revenue is calculated vary by more than 20% then there may be a material impact on reported revenues and profits.

4 Revenue

All of the group's revenue for the current and prior year arises from continuing operations, namely the rendering of communication services and supply of utilities within the United Kingdom. There are no discontinued operations.

Etihad Topco Limited

Notes to the consolidated financial statements (continued)

5 Profit for the year

Profit for the year has been arrived at after charging:

	Year ended 30 April 2016 £'000	Year ended 30 April 2015 £'000
Amortisation of intangible assets included in administrative expenses (note 12)	4,273	3,374
Depreciation of property, plant and equipment (note 13)	315	215
Loss on disposal of property, plant and equipment	2	9
Operating lease rentals – land and buildings (note 26)	371	172
Staff costs (note 6)	12,011	11,813
Acquisition related expenses	47	-
Customer acquisition costs	80	114
Auditors' remuneration:		
- for the audit of the parent company and consolidated financial statements	3	3
- for the audit of the company's subsidiaries pursuant to legislation	45	43
Total audit fees	48	46
- for tax and advisory services	125	30

6 Staff costs

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

By function	Year ended 30 April 2016 Number	Year ended 30 April 2015 Number
Sales staff	323	246
Administrative and customer services staff	281	287
Management staff	101	92
	705	625

Their aggregate remuneration comprised:

	Year ended 30 April 2016 £'000	Year ended 30 April 2015 £'000
Wages and salaries	14,710	12,708
Social security costs	1,153	1,085
Pension costs	63	57
Total remuneration	15,926	13,850
Amounts capitalised in intangible assets	(3,915)	(2,037)
Staff costs recognised in profit and loss (note 5)	12,011	11,813

Pension costs relate to defined contribution payments to the National Employment Savings Trust (NEST) on behalf of qualifying employees. The group does not operate any other pension schemes.

Etihad Topco Limited

Notes to the consolidated financial statements (continued)

7 Directors' emoluments

	Year ended 30 April 2016 £'000	Year ended 30 April 2015 £'000
Directors' fees	143	159
Emoluments	601	532
Pension costs	1	2
	745	693

During the year retirement benefits were accruing to 3 directors under defined contribution schemes (2015: 3 directors). The aggregate amount of emoluments paid to the highest paid director was £177,000 (2015: £182,000).

The remuneration of all directors who have been identified as the key management personnel of the group is set out below in aggregate for each of the categories specified in IAS 24 Related Party Disclosures:

	Year ended 30 April 2016 £'000	Year ended 30 April 2015 £'000
Short-term employee benefits	744	691
Post-employment benefits	1	2
	745	693

8 Finance income

	Year ended 30 April 2016 £'000	Year ended 30 April 2015 £'000
Other interest receivable	28	29
	28	29

All finance income arose on financial assets categorised as loans and receivables (including cash and cash equivalents).

9 Finance costs

	Year ended 30 April 2016 £'000	Year ended 30 April 2015 £'000
Interest on loan notes	2,664	5,743
Interest on borrowings – senior loan	9,200	5,295
Amortisation of debt issue costs	2,335	877
Total interest costs	14,199	11,915
Other finance charges	53	45
Total finance costs	14,252	11,960

Etihad Topco Limited

Notes to the consolidated financial statements (continued)

10 Tax

	Year ended 30 April 2016 £'000	Year ended 30 April 2015 £'000
Corporation tax:		
Current year	3,181	3,739
Adjustments in respect of prior years	(735)	(619)
	2,446	3,120
Deferred tax charge/(credit) (note 19)	896	(100)
	3,342	3,020

Corporation tax is calculated at 20% (2015: 20.92%) of the estimated taxable profit for the year.

The charge for the year can be reconciled to the amount recognised in the Statement of total comprehensive income as follows:

	Year ended 30 April 2016 £'000	Year ended 30 April 2015 £'000
Profit before tax on continuing operations	14,323	14,497
Tax at the UK corporation tax rate of 20% (2015: 20.92%)	2,865	3,033
Adjustments in respect of prior years	(735)	(619)
Tax effect of expenses not deductible for tax purposes	1,212	606
Tax expense for the year	3,342	3,020

Changes to the UK corporation tax rates were announced on 8 July 2015. These changes were substantively enacted as part the Finance Bill 2015 on 26 October 2015 and include reductions to the main rate to 19% from 1 April 2017 and to 18% from 1 April 2020. On 16 March 2016 further changes to the UK corporation tax rate were announced including a further reduction in the UK corporation tax rate to 17% from 2020, which supersedes the change enacted on 26 October 2015. However, this further change was not substantively enacted as at 30 April 2016 and has not therefore been reflected in these Financial Statements.

11 Goodwill

	£'000
Cost	
At 1 May 2014	118,421
Additions	-
At 30 April 2015	118,421
Recognised on acquisition of a subsidiary (note 15)	2,411
At 30 April 2016	120,832

Notes to the consolidated financial statements (continued)**11 Goodwill (continued)**

Goodwill has been allocated to cash generating units ("CGU's") as follows for impairment testing purposes:

	30 April 2016 £'000	30 April 2015 £'000
Communications	119,809	117,398
Gas	703	703
Water	320	320
	120,832	118,421

'Communications' includes the acquisition of Universal Utilities Limited, and its subsidiaries Titan Telecom Limited and 118777 Limited, and the acquisition of Business Comms Solution Limited. 'Gas' includes the acquisition of Economy Gas Limited, and 'Water' includes the acquisition of Clear Business Water Limited.

The carrying value of the group's goodwill is not subject to annual amortisation and was tested for impairment at 30 April 2016. Key assumptions in the budgets and plans include future revenue volume and price growth rates, associated future levels of sales and marketing support, cost-base of wholesale supplies and directly associated overheads. These assumptions are based on historical trends and future market expectations specific to the CGU and the markets in which they operate.

The recoverable amount has been determined on a value-in-use basis on each CGU using the management-approved budget for the forthcoming financial year for each CGU, with growth beyond the budgeted period assumed to be no more than the long-term forecast rate of inflation thereafter into perpetuity. These cash flows are then discounted at the group's pre-tax weighted average cost of capital of 7.28% (2015: 9.74%).

Based on the results of the current period impairment review, no impairment charges have been recognised by the group in the year ended 30 April 2016 (2015: £nil). Management have considered various sensitivity analyses in order to appropriately evaluate the carrying value of goodwill. Having assessed the anticipated future cash flows, the directors do not consider there to be any reasonably possible changes in assumptions that would lead to such an impairment charge in the year ended 30 April 2016.

Notes to the consolidated financial statements (continued)

12 Other intangible assets

	Customer contracts £'000	Software licences and development costs £'000	Regulatory Licenses £'000	Total £'000
Cost				
At 1 May 2014	7,499	1,005	150	8,654
Additions	3,305	533	-	3,838
At 30 April 2015	10,804	1,538	150	12,492
Acquired via acquisition of subsidiaries (note 15)	4,910	-	49	4,959
Additions	3,850	1,042	-	4,892
At 30 April 2016	19,564	2,580	199	22,343
Amortisation				
At 1 May 2014	(4,254)	(420)	(40)	(4,714)
Charge for the year	(2,833)	(511)	(30)	(3,374)
At 30 April 2015	(7,087)	(931)	(70)	(8,088)
Charge for the year	(3,578)	(659)	(36)	(4,273)
At 30 April 2016	(10,665)	(1,590)	(106)	(12,361)
Carrying amount				
At 1 May 2014	3,245	585	110	3,940
At 30 April 2015	3,717	607	80	4,404
At 30 April 2016	8,899	990	93	9,982

Customer contracts are amortised over the shorter of the estimated customer life, taking into consideration historical levels of customer churn, and the contractual period, which is typically less than 3 years. The amortisation period for software development costs incurred on the group's CRM and billing systems is 2 years. Regulatory licences are amortised over their estimated useful lives, which are not anticipated to exceed 5 years. Amortisation is included within administrative expenses in the statement of total comprehensive income.

Etihad Topco Limited

Notes to the consolidated financial statements (continued)

13 Property, plant and equipment

	Long leasehold property £'000	Fixtures & fittings £'000	Motor vehicles £'000	Total £'000
Cost				
At 1 May 2014	964	527	107	1,598
Additions	-	305	34	339
Disposals	-	-	(22)	(22)
At 30 April 2015	964	832	119	1,915
Additions	-	442	161	603
Disposals	-	-	(38)	(38)
At 30 April 2016	964	1,274	242	2,480
Accumulated depreciation				
At 1 May 2014	(66)	(172)	(7)	(245)
Charge for the year	(22)	(160)	(33)	(215)
Eliminated on disposals	-	-	13	13
At 30 April 2015	(88)	(332)	(27)	(447)
Charge for the year	(22)	(243)	(50)	(315)
Eliminated on disposals	-	-	20	20
At 30 April 2016	(110)	(575)	(57)	(742)
Carrying amount				
At 1 May 2014	898	355	100	1,353
At 30 April 2015	876	500	92	1,468
At 30 April 2016	854	699	185	1,738

There were no assets held under finance leases during the current year or prior year. Depreciation is included within administrative expenses in the statement of total comprehensive income

14 Subsidiaries

The group comprises a parent company, Etihad Topco Limited, incorporated in the United Kingdom, and a number of subsidiary companies held directly and indirectly by Etihad Topco Limited, all of which are incorporated in and operate in the United Kingdom. All of the group's subsidiaries are 100% owned and controlled by the group. There are no significant restrictions on the ability of the group to access or use assets and settled liabilities.

A full list of subsidiary companies is provided in note 4 to the company's separate financial statements.

Etihad Topco Limited

Notes to the consolidated financial statements (continued)

15 Acquisition of subsidiaries

On 22 October 2015, the group acquired the entire issued share capital, and thereby gained control, of Sinq Power Limited, a company incorporated in England and Wales. Sinq Power Limited is a licensed supplier of gas and electricity in the UK, and was acquired to facilitate the continued expansion of the utility services that the group is able to offer to its customers.

On 4 March 2016, the group acquired the entire issued share capital, and thereby gained control, of Business Comms Solution Limited, a company incorporated in England and Wales. Business Comms Solution Limited is engaged in the supply of communication services to the SME market in the UK, and was acquired to facilitate the continued expansion of the services that the group is able to offer to its customers.

The amounts recognised in respect of the identifiable assets acquired and liabilities assumed are as set out below:

	Sinq Power Limited	Business Comms Solution Limited	Total
	Fair value £'000	Fair value £'000	Fair value £'000
Identifiable intangible assets (note 12)	49	4,910	4,959
Trade and other receivables	-	200	200
Cash and cash equivalents	1	1,346	1,347
Trade payables and accruals	(5)	(795)	(800)
Current tax liabilities	-	(356)	(356)
Deferred tax liability (note 19)	(10)	(982)	(992)
Total identifiable assets	35	4,323	4,358
Goodwill (note 11)	-	2,411	2,411
Total	35	6,734	6,769
Satisfied by:			
Cash	35	6,734	6,769
Total consideration transferred	35	6,734	6,769
Net cash outflow arising on acquisition:			
Cash consideration	35	6,734	6,769
Less cash balances acquired	(1)	(1,346)	(1,347)
	34	5,388	5,422

The goodwill of £2,411,000 arising from the acquisition of Business Comms Solution Limited represents the value inherent in the assembled staff and processes, and the benefit to the group of being able to cross-sell additional services to the acquired customers.

The contribution of Business Comms Solution Limited to the consolidated results of the group for the period since acquisition to the balance sheet date was £1,258,000 to revenue and £688,000 profit before tax for the year. Had Business Comms Solutions Limited been acquired on 1 May 2015, group revenues for the year would have been £2,138,000 higher and group profit before tax would have been £661,000 higher. The contribution of Sinq Power Limited to the consolidated results of the group for the period since acquisition to the balance sheet date was £15,000 to revenue and £17,000 loss before tax. Had Sinq Power Limited been acquired on 1 May 2015, there would have been no impact upon group revenues for the year, and group profit before tax would have been £4,000 lower. Acquisition-related costs included in administrative expenses amount to £47,000.

Etihad Topco Limited

Notes to the consolidated financial statements (continued)

16 Trade and other receivables

	30 April 2016 £'000	30 April 2015 £'000
Amounts receivable for the rendering of services	4,483	2,863
Allowance for doubtful debts	(1,423)	(1,142)
	3,060	1,721
Other debtors	5,625	5,158
Prepayments	3,068	2,159
	11,753	9,038

All trade and other receivables are denominated in Sterling.

	Year ended 30 April 2016 £'000	Year ended 30 April 2015 £'000
Allowance for doubtful debts at start of year	1,142	747
Increase in provision	1,633	1,692
Amounts written off	(1,352)	(1,297)
Allowance for doubtful debts at end of year	1,423	1,142

Trade receivables

Trade receivables disclosed above are classified as loans and receivables and are therefore measured at amortised cost. For the majority of services provided by the group, invoices are raised mid-month, and the balances due are collected by direct debit 14 days (10 working days) after the invoice date and before the month-end date. For the minority of customers who do not pay by direct debit, payment is due 14 days after the date of invoice, and as such, the majority of the trade receivables balance at the balance sheet date represents unpaid invoices which are past their due date, and are therefore considered for impairment.

The group has recognised an allowance for doubtful debts of 100% against all receivables over 6 months old, because historical experience has been that receivables that are past due beyond 6 months are very unlikely to be recovered. Allowances against doubtful debts are recognised against trade receivables that are less than 6 months old based on estimated recoverable amounts determined by reference to past default experience across the portfolio of customers.

External credit scoring systems are not generally used to assess the credit quality of new communication customers, however, a series of checks are performed internally to identify potential higher-risk customers. Additional services are only extended to existing customers with a minimum history of paying by Direct Debit, or who achieve a minimum credit score with an external agency.

The concentration of credit risk is limited due to the customer base being large and unrelated; with the exception of one corporate customer, no other individual customer represents more than 1% of the total balance of group trade receivables. The group does not hold any collateral or other credit enhancements over any of its trade receivables, nor does it have a legal right of offset against any amounts owed by the group to the counterparty.

Etihad Topco Limited

Notes to the consolidated financial statements (continued)

16 Trade and other receivables (continued)

Ageing of past due receivables:

	30 April 2016 £'000	30 April 2015 £'000
Less than one month past due	1,386	898
Between one and two months past due	594	339
Between two and three months past due	532	297
Between three and six months past due	890	593
Between six months and one year past due	1,081	736
	4,483	2,863

The directors consider that the carrying amount of trade and other receivables is approximately equal to their fair value given the short-term nature of trade receivables. Other receivables are not considered to be impaired, and no provisions are made against these balances.

17 Borrowings

	30 April 2016 £'000	30 April 2015 £'000	30 April 2014 £'000
Unsecured borrowing at amortised cost			
Vendor loan notes - due for settlement after 12 months	-	13,322	13,332
PIK loan notes - due for settlement after 12 months	-	43,600	42,557
	-	56,922	55,889
Secured borrowing at amortised cost			
Senior loan - due for settlement within 12 months	4,170	8,125	7,248
Senior loan - due for settlement after 12 months	170,807	40,043	51,701
	174,977	105,090	114,838
Total borrowings			
Amount due for settlement within 12 months	4,170	8,125	7,248
Amount due for settlement after 12 months	170,807	96,965	107,590
	174,977	105,090	114,838

All borrowings are denominated in Sterling. The Vendor loan notes had a maturity date of 26 April 2046, and accrued interest at 11% per annum, and were redeemed in full on 16 October 2015. The PIK loan notes had a maturity date of 26 April 2021 and accrued interest at 11% per annum, and were also redeemed in full on 16 October 2015.

A new senior loan facility was agreed on 5 October 2015, and was increased on 10 March 2016, with a total available facility of £250,000,000 (plus £5,000,000 revolving facility). The facility is secured on all assets and future profits of the group, and has an average effective interest rate of 7.28%.

Etihad Topco Limited

Notes to the consolidated financial statements (continued)

18 Financial instruments

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement, and the bases for recognition of income and expense for each class of financial asset, financial liability and equity instrument are disclosed in note 2.

Capital risk management

The group's capital structure consists of net debt and total equity. The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for shareholders, and to maintain an optimal capital structure to reduce the cost of capital. There were no changes to the group's approach to capital management during the year. The main risk to the group is that its capital structure will not be sufficient to support the growth of the business. There are no externally imposed capital requirements.

The senior loan facility has a requirement for the group to comply with certain covenant ratios including net debt to EBITDA (leverage) and cashflow cover, in addition to minimum EBITDA levels and capital expenditure limits. These covenants are monitored regularly, and the group has met all covenant tests to date.

In order to maintain or adjust the capital structure, the group may use excess cash generated in operations to make additional payments of senior debt, or return capital to shareholders.

Consistent with industry practice, the group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings excluding unamortised fees, less cash. Total capital is calculated as equity as disclosed in the consolidated balance sheet plus net debt as defined above. The gearing ratios, which are in line with targeted levels, were as follows:

	30 April 2016 £'000	30 April 2015 £'000	30 April 2014 £'000
Total borrowings	174,977	105,090	114,838
Add back unamortised borrowing arrangement fees	6,693	1,518	2,395
Less cash balances	(8,115)	(6,298)	(7,598)
Net debt	173,555	100,310	109,635
Total equity	(32,551)	25,834	14,381
Total capital	141,004	126,144	124,016
Gearing ratio	123.1%	79.5%	88.4%

Financial risk management objectives

The group's activities expose it to a variety of financial risks including interest rate risk, liquidity risk and credit risk. The group has no exposure to foreign currency risk as all of the group's borrowings and all sales and purchases are denominated in Sterling.

The group's main objectives in managing financial risks are to ensure sufficient liquidity is available to meet its foreseeable needs, and to invest cash assets safely and profitably. Exposure to these risks is regularly reviewed, and, where appropriate, the directors will take action to minimise the impact of these risks on the business.

The group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Interest rate risk

The group is exposed to interest rate risk because entities in the group borrow funds at floating interest rates. The risk is managed by the group maintaining an appropriate mix between fixed and floating rate borrowings, and periodically, the group seeks to amend its available facilities where it is possible to reduce the effective interest rate. The group does not receive interest on cash balances, and receives interest at floating rates on a small number of other debtor balances receivable.

Etihad Topco Limited

Notes to the consolidated financial statements (continued)

18 Financial instruments (continued)

At 30 April 2016 it is estimated that a movement of 0.5 percentage point in interest rates, which represents management's assessment of a reasonably possible change, with all other variables remaining constant, would increase the group's annual interest expense by approximately £908,000 (2015: £44,000).

Interest rate swaps

At 30 April the group's fixed rate financial liabilities related to bank borrowings that are covered by interest rate swaps. The group has entered into a interest rate swaps, the effect of which is to classify £118.3 million (2015: £nil) of the group's borrowings as fixed rate, which reduces the exposure to cash flow risk.

The details of the interest swaps are as follows:

- Interest swap classifying £18.33 million of debt as fixed rate from 29 March 2016 to 29 June 2016. The rate, excluding margin, was 0.64%.
- Interest swap classifying £100 million of debt as fixed rate from 15 April 2016 to 15 July 2016. The rate, excluding margin, was 0.6338%.

The fair value of the Group's interest rate swaps as at 30 April 2016 is not material and therefore no gain or loss has been recognised in these financial statements. For the year ended 30 April 2016, the group's interest rate swap has been classified as a level 2 financial instrument in accordance with the requirements of IFRS 13.

Credit risk

Credit risk refers to the risk that a counterparty will default on its obligations resulting in financial loss to the group. The group is exposed to credit risk on financial assets such as cash and bank balances, and trade and other receivables. The group's credit risk is primarily attributable to its trade receivables, as bank balances are held with financial institutions with high quality credit ratings.

The amounts recognised in the balance sheet for trade receivables are net of appropriate allowances for doubtful receivables, estimated by the group's management based on prior experience and their assessment of the current economic environment. The exposure is spread across a large number of customers, covering a wide range of industry and service sectors; consequently the group does not have any significant credit risk exposure to any single counterparty. The carrying amount of financial assets represents the maximum credit exposure at the balance sheet date. See note 16 for further information on trade receivables.

Liquidity risk

Liquidity risk represents the risk that the group will not be able to meet its financial obligations as they fall due. The group manages liquidity risk by maintaining adequate cash reserves, banking facilities, and a revolving credit facility, and by monitoring forecast and actual cash flows on a regular basis. Significant items of capital expenditure and acquisitions require board approval.

The tables below analyse the group's remaining contractual maturity for its financial liabilities with agreed repayment periods. The amounts disclosed in the table are the gross contractual undiscounted cash flows based on the earliest date on which the group can be required to pay.

	Gross cash outflows				30 April 2016	
	Within one year £'000	Between one and two years £'000	Between two and five years £'000	After five years £'000	Debt issue costs £'000	Carrying value £'000
Fixed rate						
Senior loan	-	-	-	118,333	(4,462)	113,871
Floating rate						
Senior loan	4,170	-	-	59,167	(2,231)	61,106
	4,170	-	-	177,500	(6,693)	174,977

Notes to the consolidated financial statements (continued)

18 Financial instruments (continued)

	Gross cash outflows				30 April 2015	
	Within one year £'000	Between one and two years £'000	Between two and five years £'000	After five years £'000	Debt issue costs £'000	Carrying value £'000
Fixed rate						
Vendor loan notes	-	-	-	13,322	-	13,322
PIK loan notes	-	-	-	43,600	-	43,600
Floating rate						
Senior loan	8,125	8,125	33,436	-	(1,518)	48,168
	8,125	8,125	33,436	56,922	(1,518)	105,090

19 Deferred tax

Deferred tax assets

	Interest accrued but unpaid £'000
At 1 May 2014	755
Credit to consolidated statement of total comprehensive income for the year	160
At 30 April 2015	915
Charged to consolidated statement of total comprehensive income for the year	(915)
At 30 April 2016	-

A deferred tax asset was recognised in previous periods in respect of interest accrued but unpaid at the balance sheet date, as it was considered probable that the asset would be recovered in future periods when the interest was paid, and that there would be sufficient taxable profits available; the deferred tax asset has been recovered in the year ended 30 April 2016 as the underlying accrued interest has now been paid.

Deferred tax liabilities

	On intangible assets £'000
At 1 May 2014	805
Charge to consolidated statement of total comprehensive income for the year	60
At 30 April 2015	865
Arising on acquisition of subsidiaries (note 15)	992
Credit to consolidated statement of total comprehensive income for the year	(19)
At 30 April 2016	1,838

Amortisation of other intangible assets during the forthcoming financial year is anticipated to lead to the unwinding of £1,377,000 of the deferred tax liability held at 30 April 2016.

Etihad Topco Limited

Notes to the consolidated financial statements (continued)

20 Trade and other payables

	30 April 2016 £'000	30 April 2015 £'000	30 April 2014 £'000
Trade payables	776	1,669	1,162
Accruals and deferred income	3,434	2,682	2,139
Social security and other taxes	1,699	1,367	1,359
Contingent consideration	-	42	325
Other payables	1,159	1,163	1,380
	7,068	6,923	6,365

Trade payables comprise amounts outstanding for trade purchases and ongoing costs. The group has financial risk management policies in place to ensure that all payables are paid within pre-agreed credit terms. The directors consider that the carrying amount of trade payables approximates to their fair value due to their short-term nature.

Contingent consideration arose on the acquisition of Clear Business Water on 14 November 2013. The fair value of contingent consideration was determined based on management's best estimate of the amounts to fall due, taking account of forecast future business performance, on which payments were contingent. Contingent consideration was valued as a level 3 financial instrument but given the amount is not material to the Group financial statements, no additional disclosure was deemed necessary. The amount of £42,000 outstanding at 30 April 2015 was settled during the current financial year.

21 Provisions

	Dilapidations on leased properties £'000		
At 1 May 2014			100
Utilisation of provision			(40)
At 30 April 2015			60
Utilisation of provision			(16)
At 30 April 2016			44

	30 April 2016 £'000	30 April 2015 £'000	30 April 2014 £'000
Current	10	10	20
Non-current	34	50	80
	44	60	100

The dilapidations provision represents the directors' best estimate of the group's liability under existing property leases, based on past experience of similar properties.

Etihad Topco Limited

Notes to the consolidated financial statements (continued)

22 Share capital

	30 April 2016 £'000	30 April 2015 £'000	30 April 2014 £'000
Authorised:			
901,809 (2015: 901,809; 2014: 901,809) A ordinary shares of £0.01each	9	9	9
61,750 (2015: 66,750; 2014: 66,750) B ordinary shares of £0.01each	1	1	1
17,750 (2015: 17,750; 2014: 17,750) C ordinary shares of £0.01each	-	-	-
15,500 (2015: 15,500; 2014: 15,500) D ordinary shares of £0.01each	-	-	-
2,000 (2015: nil; 2014: nil) E ordinary shares of £0.01each	-	-	-
3,000 (2015: nil; 2014: nil) F ordinary shares of £0.01each	-	-	-
	10	10	10

	30 April 2016 £'000	30 April 2015 £'000	30 April 2014 £'000
Allotted, called up and fully paid:			
901,809 (2015: 901,809; 2014: 901,809) A ordinary shares of £0.01each	9	9	9
61,750 (2015: 61,750; 2014: 61,750) B ordinary shares of £0.01each	1	1	1
17,750 (2015: 17,750; 2014: 17,750) C ordinary shares of £0.01each	-	-	-
15,500 (2015: 15,500; 2014: 15,500) D ordinary shares of £0.01each	-	-	-
2,000 (2015: nil; 2014: nil) E ordinary shares of £0.01each	-	-	-
3,000 (2015: nil; 2014: nil) F ordinary shares of £0.01each	-	-	-
	10	10	10

On 4 January 2016, the number of authorised B ordinary shares was reduced from 66,750 to 64,750 shares, and 2,000 E ordinary shares were authorised and issued for gross proceeds of £100,000, with total nominal value £20 and share premium of £99,980. On 29 March 2016, the number of authorised B ordinary shares was reduced from 64,750 to 61,750 shares, and 3,000 F ordinary shares were authorised and issued for gross proceeds of £131,250, with total nominal value of £30 and share premium of £131,220.

The A, B, C, D, E and F ordinary shares rank pari passu as regards entitlement to dividends, repayment of capital and voting rights.

23 Own shares

	£'000
At 1 May 2014	2
Acquired in the year	24
At 30 April 2015	26
Acquired in the year	18
At 30 April 2016	44

The own shares reserve represents the cost of shares in Etihad Topco Limited purchased by the Universal Utilities Employee Benefit Trust from individual shareholders leaving employment of the group. At 30 April 2016 the Trust held 935 A ordinary shares, 2,500 B ordinary shares and 250 C ordinary shares (30 April 2015: 935 A ordinary shares, 2,500 B ordinary shares and 250 C ordinary shares).

Etihad Topco Limited

Notes to the consolidated financial statements (continued)

24 Dividends

	Year ended 30 April 2016 £'000	Year ended 30 April 2015 £'000
Interim dividend of £43.40 per share (2015: £nil)	43,106	-
Interim dividend of £26.60 per share (2015: £nil)	26,473	-
	69,579	-

An interim dividend of £43.40 per share was proposed and paid in October 2015, and a further interim dividend of £26.60 per share was proposed and paid in January 2016. No final dividends have been proposed (2015: none). Dividends payable on shares held by the Universal Utilities Limited Employee Benefit Trust have been eliminated on consolidation.

25 Notes to the cash flow statement

Reconciliation of profit for the year to net cash from operating activities:

	Year ended 30 April 2016 £'000	Year ended 30 April 2015 £'000
Profit for the year	10,981	11,477
Adjustments for:		
Finance income	(28)	(29)
Finance costs	14,252	11,960
Tax expense	3,342	3,020
Depreciation of property, plant and equipment	315	215
Amortisation of intangible assets	4,273	3,374
Loss on disposal of property, plant and equipment	2	9
Operating cashflows before movements in working capital	33,137	30,026
Increase in receivables	(2,514)	(2,625)
Decrease in payables	(1,500)	(112)
Cash generated by operations	29,123	27,289
Taxes paid	(5,103)	(3,317)
Interest paid	(31,483)	(5,605)
Net cash (outflow)/inflow from operating activities	(7,463)	18,367

Analysis of changes in net debt

	1 May 2015 £'000	Acquisitions £'000	Interest charges £'000	Other non-cash changes £'000	Cashflow £'000	30 April 2016 £'000
Cash and cash equivalents	6,298	1,347	-	-	470	8,115
Senior loan	(48,168)	-	(11,588)	8,166	(123,387)	(174,977)
Loan notes	(56,922)	-	(2,664)	-	59,586	-
Net debt	(98,792)	1,347	(14,252)	8,166	(63,331)	(166,862)

Etihad Topco Limited

Notes to the consolidated financial statements (continued)

25 Notes to the cash flow statement (continued)

	1 May 2014 £'000	Acquisitions £'000	Interest charges £'000	Other non-cash changes £'000	Cashflow £'000	30 April 2015 £'000
Cash and cash equivalents	7,598	-	-	-	(1,300)	6,298
Senior loan	(58,949)	-	(5,340)	(808)	16,929	(48,168)
Loan notes	(55,889)	-	(5,743)	-	4,710	(56,922)
Net debt	(107,240)	-	(11,083)	(808)	20,339	(98,792)

26 Operating lease arrangements

The group as lessee

	Year ended 30 April 2016 £'000	Year ended 30 April 2015 £'000
Payments under operating leases recognised as an expense in the year	371	172

At the balance sheet date, the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	30 April 2016 £'000	30 April 2015 £'000
Within one year	17	21
In the second to fifth years inclusive	338	307
After five years	661	173
	1,016	501

Operating lease payments represent rentals payable by the group for certain of its office properties. Leases are negotiated for periods of 1 to 10 years and rentals are fixed for an average of 2 years with an option to extend for a further number of 3 years at the prevailing market rate.

27 Parent undertakings and controlling party

The immediate parent undertaking is Telco SARL, a company incorporated in Luxembourg. The ultimate parent undertaking and controlling party is Vitruvian Partners LLP, a company incorporated in the United Kingdom.

28 Events after the balance sheet date

In July 2016, the group acquired TBO Holdings Limited and TDO Holdings Limited, both registered in England and Wales. Initial cash consideration was £4,470,000, with contingent consideration dependent upon future trading performance. There have been no other significant events since the year end.

Etihad Topco Limited

Independent auditors' report to the members of Etihad Topco Limited

Report on the company financial statements

Our opinion

In our opinion, Etihad Topco Limited's company financial statements (the 'financial statements'):

- give a true and fair view of the state of the company's affairs as at 30 April 2016;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

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

- the Company balance sheet as at 30 April 2016;
- the Company statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

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

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

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, 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.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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

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

We have no exceptions to report arising from this responsibility.

Directors' remuneration

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

Etihad Topco Limited

Independent auditors' report to the members of Etihad Topco Limited (continued)

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 5, 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.

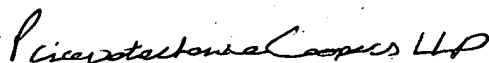
We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

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.

Other matter

We have reported separately on the group financial statements of Etihad Topco Limited for the year ended 30 April 2016.



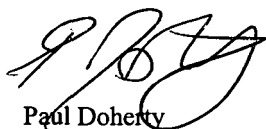
Simon White (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester
21 November 2016

Etihad Topco Limited

Company balance sheet as at 30 April 2016

	Note	30 April 2016 £'000	30 April 2015 £'000
Fixed assets			
Investments	4	1,038	779
Current assets			
Debtors	5	70,558	307
Cash		100	-
		70,658	307
Creditors: amounts falling due within one year	6	(69,754)	(120)
Net current assets		904	187
Total assets less current liabilities and net assets		1,942	966
Capital and reserves			
Called up share capital	7	10	10
Share premium		1,252	1,021
Profit and loss account		680	(65)
Total shareholders' funds		1,942	966

The company financial statements and notes of Etihad Topco Limited on pages 38 to 44 were approved by the board of directors and authorised for issue on 21 November 2016. They were signed on its behalf by:



Paul Doherty
Director

Company Registered number 07479219

Etihad Topco Limited

Company statement of changes in equity

	Note	Called up share capital £'000	Share premium £'000	Profit and loss account £'000	Total shareholders' funds £'000
At 1 May 2014		10	1,021	-	1,031
Loss for the year		-	-	(65)	(65)
At 1 May 2015		10	1,021	(65)	966
Profit for the year		-	-	70,484	70,484
Total comprehensive income for the year		-	-	70,484	70,484
Waiver of loan owed to subsidiary undertaking				97	97
Issue of share capital	7	-	231	-	231
Dividends	8	-	-	(69,836)	(69,836)
At 30 April 2016		10	1,252	680	1,942

Etihad Topco Limited

Notes to the company financial statements for the year ended 30 April 2016

1 Accounting policies

Basis of accounting

The financial statements are prepared under the historic cost convention, and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland, and the Companies Act 2006. The presentational and functional currency of the company is Sterling, and all figures presented in these financial statements have been rounded to the nearest thousand pounds.

These financial statements are the first annual financial statements to be prepared in accordance with FRS 102, with an effective date of transition of 1 May 2014. The principal accounting policies applied in the preparation of these financial statements are set out below; these policies have been consistently applied to all the years presented, unless otherwise stated.

The policies applied under the company's previous accounting framework are not materially different to FRS 102 and have not impacted on equity or profit or loss at 1 May 2014, 30 April 2015 or 30 April 2016.

The company satisfies the criteria of being a qualifying entity as defined in FRS 102. Its financial statements are consolidated into the group financial Statements of Etihad Topco Limited, which are included within this Annual Report. The shareholders of the Company were notified of the exemptions to be taken and the shareholders have not objected to the use of the exemptions taken. The company has taken advantage of the exemption in section 408 of the Companies Act from disclosing its individual profit and loss account.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies.

Financial reporting standard 102 – reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland':

- The requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- The requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- The requirements of Section 7 Statement of Cash Flows;
- The requirements of Section 11 Financial Instruments paragraphs 11.39 to 11.48A;
- The requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.29;
- The requirements of Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23; and
- The requirements of Section 33 Related Party Disclosures paragraph 33.7.

Valuation of investments in subsidiaries

Investments in subsidiaries are measured at cost less accumulated impairment.

Cash

Cash is represented by deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

Financial instruments

The company has chosen to adopt the Sections 11 and 12 of FRS 102 in respect of financial instruments.

Basic financial assets, including trade and other debtors and cash and bank balances are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method.

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

Etihad Topco Limited

Notes to the company financial statements for the year ended 30 April 2016 (continued)

1 Accounting policies (continued)

Financial instruments (continued)

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

Basic financial liabilities, including trade and other creditors and amounts owed to fellow group companies that are classified as debt, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method. Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

Current taxation

The tax expense for the year comprises current tax. Tax is recognised in the income statement, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively. The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted at the reporting date.

Going concern

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Directors' report, which also describes the financial position of the group, its financial risk management objectives, and its exposure to credit risk and liquidity risk.

The company meets its day to day working capital requirements through cash generated from operating activities, there is no overdraft facility. The group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the group should continue to be able to operate using cash generated from operations, and that no additional borrowing facilities will be required.

The directors have a reasonable expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future, thus they adopt the going concern basis of accounting in preparing the annual financial statements.

2 Operating profit

Auditors' remuneration of £1,000 for the year (2015: £1,000) has been borne by a subsidiary undertaking.

3 Particulars of employees and directors

The company has no employees other than the directors (2015: none). No director received any emoluments for services to the company (2015: none). No retirement benefits accrue to the directors under defined benefit schemes (2015: none). Defined contribution pension benefits accruing to the directors have been borne by a subsidiary undertaking for both the current and preceding financial year.

Etihad Topco Limited

Notes to the company financial statements for the year ended 30 April 2016 (continued)

4 Fixed asset investments in subsidiary undertakings

Cost	£'000
At 1 May 2015	779
Waiver of intercompany loan	259
At 30 April 2016	1,038

The company owns the entire issued share capital of Etihad Midco Limited, a company incorporated in England and Wales, which is a holding company for subsidiaries engaged in the provision of communication and utility services to the SME market in the UK. The total cost of investment at 1 May 2015 was £778,758; during the year ended 30 April 2016, the waiver of the intercompany loan due from Etihad Midco Limited by Etihad Topco Limited led to an increase in the cost of investment of £259,000.

The directors believe that the carrying value of the investment is supported by its underlying net assets.

The company has indirect investments in the following subsidiary undertakings, all of which are incorporated in the United Kingdom:

Name	Principal activity	Holding	%
Titan Telecom Limited	Intermediate holding company	Ordinary shares	100
Etihad Acquisitions Limited	Intermediate holding company	Ordinary shares	100
Verastar Holdings Limited	Intermediate holding company	Ordinary shares	100
Verastar Limited	Telecommunication services	Ordinary A and Ordinary B shares	100
Clear Business Limited	Telecommunication services	Ordinary shares	100
118777 Limited	Directory enquiry services	Ordinary shares	100
Clear Business Water Limited	Water and sewerage services	Ordinary shares	100
Economy Gas Limited	Gas supplier	Ordinary shares	100
Sinq Power Limited	Electricity supplier	Ordinary shares	100
Business Comms Solution Limited	Telecommunication services	Ordinary shares	100

5 Debtors

	30 April 2016 £'000	30 April 2015 £'000
Amounts falling due within one year:		
Amounts owed by group undertakings	70,558	252
Prepayments and accrued income	-	47
Other debtors	-	8
	70,558	307

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand. The directors believe that the book value of debtor balances is equal to fair value, and no provisions have been made against debtors (2015: none).

Etihad Topco Limited

Notes to the company financial statements for the year ended 30 April 2016 (continued)

6 Creditors: amounts falling due within one year

	30 April 2016 £'000	30 April 2015 £'000
Trade creditors	-	26
Amounts owed to group undertakings	69,506	82
Other creditors	248	12
	69,754	120

Amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand. The directors believe that the book value of creditor balances is equal to fair value.

7 Share capital

	30 April 2016 £'000	30 April 2015 £'000
Authorised:		
901,809 (2015: 901,809) A ordinary shares of £0.01each	9	9
61,750 (2015: 66,750) B ordinary shares of £0.01each	1	1
17,750 (2015: 17,750) C ordinary shares of £0.01each	-	-
15,500 (2015: 15,500) D ordinary shares of £0.01each	-	-
2,000 (2015: nil) E ordinary shares of £0.01each	-	-
3,000 (2015: nil) F ordinary shares of £0.01each	-	-
	10	10

	30 April 2016 £'000	30 April 2015 £'000
Allotted, called up and fully paid:		
901,809 (2015: 901,809) A ordinary shares of £0.01each	9	9
61,750 (2015: 61,750) B ordinary shares of £0.01each	1	1
17,750 (2015: 17,750) C ordinary shares of £0.01each	-	-
15,500 (2015: 15,500) D ordinary shares of £0.01each	-	-
2,000 (2015: nil) E ordinary shares of £0.01each	-	-
3,000 (2015: nil) F ordinary shares of £0.01each	-	-
	10	10

On 4 January 2016, the number of authorised B ordinary shares was reduced from 66,750 to 64,750 shares, and 2,000 E ordinary shares were authorised and issued for gross proceeds of £100,000, with total nominal value £20 and share premium of £99,980. On 29 March 2016, the number of authorised B ordinary shares was reduced from 64,750 to 61,750 shares, and 3,000 F ordinary shares were authorised and issued for gross proceeds of £131,250, with total nominal value of £30 and share premium of £131,220.

The A, B, C, D, E and F ordinary shares rank pari passu as regards entitlement to dividends, repayment of capital and voting rights.

Etihad Topco Limited

Notes to the company financial statements for the year ended 30 April 2016 (continued)

8 Dividends

	Year ended 30 April 2016 £'000	Year ended 30 April 2015 £'000
Interim dividend of £43.40 per share (2015: £nil)	43,265	-
Interim dividend of £26.60 per share (2015: £nil)	26,571	-
	69,836	-

An interim dividend of £43.40 per share was proposed and paid in October 2015, and a further interim dividend of £26.60 per share was proposed and paid in January 2016. No final dividends have been proposed (2015: none).

9 Contingent liabilities

The company had no commitments or contingencies at 30 April 2016 (2015: none).

10 Parent undertakings and controlling party

The immediate parent undertaking is Telco SARL, a company incorporated in Luxembourg. The ultimate parent undertaking and controlling party is Vitruvian Partners LLP, a company incorporated in the United Kingdom.

11 First time adoption of FRS 102

The policies applied under the entity's previous accounting framework are not materially different to FRS 102 and have not impacted on equity or profit or loss.