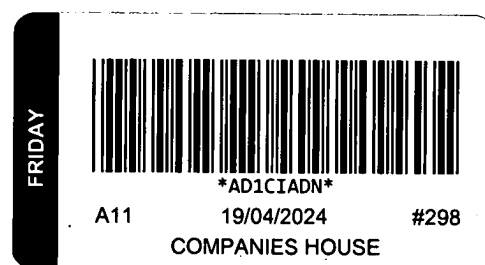


Registered number: 02913587

EACS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2022



EACS LIMITED

COMPANY INFORMATION

Directors	C B Groome D Adamson
Registered number	02913587
Registered office	Mode House Thundridge Business Park Thundridge Ware Hertfordshire SG12 0SS
Independent auditor	Crowe U.K. LLP Aquis House 49-51 Blagrove Street Reading Berkshire RG1 1PL

EACS LIMITED

CONTENTS

	Page
Strategic report	1 - 2
Directors' report	3 - 4
Independent auditor's report	5 - 8
Statement of income and retained earnings	9
Balance sheet	10
Statement of changes in equity	11
Notes to the financial statements	12 - 33

EACS LIMITED

STRATEGIC REPORT FOR THE PERIOD ENDED 31 DECEMBER 2022

Introduction

The directors present their Strategic Report on the Company for the 9 month period ended 31 December 2022.

Principal Activities

Ensco 1278 Limited is the ultimate parent company of a Group of companies forming the Espria Group (Espria). Espria is a Managed IT, Document Solutions and VoIP Communications Services business, creating 'Simple', cohesive solutions that transform business operations. Espria's solutions and services are built on twenty-five years of expertise, in both the design and delivery of effective technical and commercial solutions to empower and drive business transformation.

Espria's problem-solving expertise in Cloud, IT, Communications and Document Solutions, ensures they deliver practical resolutions that focus, not only on issues of today, but will also guide and support their clients through digital transformations. Espria has a proven track record and breadth of expertise meaning their clients enjoy a partnership with a single trusted supplier simplifying the management and delivery of their business solutions.

Business review

During the year Espria continued on its strategy of accelerated growth through the acquisition of 100% shares in Streamwire Group Limited and the trading subsidiaries EACS Limited and SNX Services Limited. The Streamwire Group is a IT Managed Services business and reseller of products such as software, hardware and professional services. The acquisition provide Espria with a strong customer base and enhanced industry expertise covering Managed Services, Professional Services, Document solutions and Communications.

Post the acquisition of the Streamwire Group the business experienced the loss of a number of key clients which impacted recurring revenue and contribution, the management team at the time were unable to mitigate the customer attrition, the integration of the Streamwire Group was not completed in accordance with the original timescale.

On 23 December 2023, Mode Solutions Limited (a parent undertaking) refinanced the senior term and revolving facilities agreement, the amendment included a reset of the financial covenants. The Board of Directors have assessed the current quarters trading to 31 March 2024 and have identified that one of the covenant measures, whilst forecast to be achieved, does have an element of uncertainty due to the limited headroom. The Board continue to have a positive working relationship with its key lender Blackrock and hence are confident that the banking facilities will not be recalled. The Directors continue to implement a number of measures including, but not limited to, reduction in variable costs including staffing and contractors, reduced discretionary spend, freezing all non-essential recruitment and stopping unnecessary general expenditure to offset any unforeseen headwinds. The Board believes that under all sensitised forecasts Espria is able to extinguish all its liabilities as they fall due for a period of at least twelve months from the date of these accounts.

Espria is forecasting an uplift in performance for FY24 and FY25 from the financial years ending 31 December 2022 and 2023 and has the ability to draw down further on its RCF should the requirement arise. The basis of growth is following a reinvigorated drive to grow sales and associated margin by increasing the level of upsell and cross sell behaviours coupled with enhanced efficiencies following a completed integration. The Directors are confident that they can further flex and reduce future spend if necessary. Following the acquisition of Streamwire Group Limited and during the subsequent financial year the Board of Directors has been restructured with a revised management team being Chaired by David E Jones (appointed 27 June 2023).

EACS LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2022

Principal risks and uncertainties

Espria along with the industry it operates in is exposed to operational risks and uncertainties, the Board of Directors continue to place internal controls and an extensive risk management process to identify and ensure assurance in relation to the key areas noted below.

Customer retention and growth remains fundamental to Espria, whilst the group sustained some key losses following the acquisition of Streamwire it has continued to deliver a first class service and remains highly commercial in its offering whilst delivering first rate services. Espria continues to invest in its sales and operational functions to ensure customer a positive customer experience improving retention.

Liquidity risk references the ability of Espria to ensure it has sufficient financial resources to manage its working capital fluctuations to provide headroom for unexpected costs. The new management team has implemented a fully comprehensive forecasting process to ensure cash remains strong, this along with its relationship with Vendors, Distributors and banking partners ensures Espria can meet its obligations as they fall due.

Future developments

The macro and micro economic situation continues to move at a pace, Espria remains sufficiently agile to cope with increased customer requirements, its large customer base and ability to win further business will deliver growth over the next financial years.

Subsequent to the financial year ending 31 December 2022 Espria has continued to invest in replacing its key systems and has rationalised its office locations as part of the integration of the businesses. A refreshed executive board and management community are fully focused on further driving business performance.

Financial key performance indicators

The results for the Company for the 9 month period ended 31 December 2022 show an operating loss of £972,434 (Year ended 31 March 2022: profit £62,573) and revenues of £16,165,456 (Year ended 31 March 2022: £22,444,302).

Loss before tax for the Company for the 9 month period ended 31 December 2022 is £971,116 (Year ended 31 March 2022: profit £47,848).

The key business metric for the Company is EBITDA and for the 9 month period to 31 December 2022 the Company showed an EBITDA loss of £492,251 (Year ended 31 March 2022: profit £539,180). EBITDA is defined as operating profit plus depreciation and amortisation and exceptional administrative expenses.

Business environment and strategy

The Company's strategy is to maintain its strong organic growth, whilst also working with strategic partners to introduce new clients and to broaden the services delivered to existing clients.

The prevailing economic climate is uncertain, but the Company believes it can continue to grow strongly.

This report was approved by the board and signed on its behalf.



C B Groome
Director

Date: 19/4/24

EACS LIMITED

DIRECTORS' REPORT FOR THE PERIOD ENDED 31 DECEMBER 2022

The directors present their report and the financial statements for the 9 month period ended 31 December 2022.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

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

- select suitable accounting policies for the company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- 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 to 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Results and dividends

The loss for the period, after taxation, amounted to £954,318 (2022 - profit £44,071).

The directors proposed a final dividend of £nil (Year ended 31 March 2022: £nil)

Directors

The directors who served during the period were:

R E Frye (resigned 1 June 2022)
E A Stokes (resigned 1 June 2022)
K J Timms (resigned 1 June 2022)
C B Groome (appointed 1 June 2022)
D Adamson (appointed 1 June 2022)
A Lashley (appointed 1 June 2022, resigned 15 September 2023)
A T Tupman (appointed 1 June 2022, resigned 28 July 2023)

Future developments

The strategy for the Company and the wider group is to grow the business organically, particularly through cross sell opportunities and through further acquisitions as part of the enhanced group.

EACS LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE PERIOD ENDED 31 DECEMBER 2022**

Disclosure of information to auditor

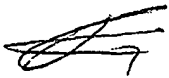
Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

The auditor, Crowe U.K. LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.



C B Groome
Director

Date: 19/04/24

EACS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EACS LIMITED

Opinion

We have audited the financial statements of EACS Limited (the 'company') for the period ended 31 December 2022, which comprise the Statement of income and retained earnings, the Balance sheet, the Statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to note 2.3 in the financial statements which indicates that the company is reliant on the continued support of its main lender being BlackRock to continue as a going concern. The current group forecasts indicate they may breach a financial covenant measure as at 31 March 2024. As stated in note 2.3 the possible breach of a covenant indicates that a material uncertainty exists that may cast significant doubt on the group and the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

EACS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EACS LIMITED (CONTINUED)

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditor's report thereon. The directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

EACS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EACS LIMITED (CONTINUED)

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We obtained an understanding of the legal and regulatory frameworks within which the company operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006 and Taxation legislation.

We identified the greatest risks of material impact on the financial statements from irregularities, including fraud, to be the override of controls by management and revenue recognition. Our audit procedures to respond to management override risks included enquiries of management about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals and reviewing accounting estimates for biases. Our audit procedures to respond to revenue recognition risks included sample testing a sample of revenue across the year to agree to supporting documentation, and reviewing revenue received either side of the year end to ensure this has been recognised correctly.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

These inherent limitations are particularly significant in the case of misstatement resulting from fraud as this may involve sophisticated schemes designed to avoid detection, including deliberate failure to record transactions, collusion or the provision of intentional misrepresentations.

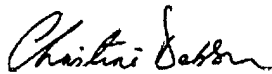
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's report.

EACS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EACS LIMITED (CONTINUED)

Use of our report

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



Christine Dobson (Senior statutory auditor)

for and on behalf of

Crowe U.K. LLP

Statutory Auditor

Aquis House
49-51 Blagrove Street

Reading
Berkshire

RG1 1PL

Date: 19 April 2024

EACS LIMITED

**STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE 9 MONTH PERIOD ENDED 31 DECEMBER 2022**

	Note	9 month period to 31 December 2022 £	Year End to 31 March 2022 £
Turnover	4	16,165,456	22,444,302
Cost of sales		(10,801,679)	(13,542,963)
Gross profit		5,363,777	8,901,339
Administrative expenses		(5,999,300)	(8,570,933)
Exceptional administrative expenses	13	(336,905)	(274,857)
Other operating income	5	-	7,024
Operating (loss)/profit	6	(972,428)	62,573
Interest receivable and similar income	10	1,318	-
Interest payable and similar expenses	11	-	(14,725)
(Loss)/profit before tax		(971,110)	47,848
Tax on (loss)/profit	12	16,792	(3,777)
(Loss)/profit after tax		(954,318)	44,071
Retained earnings at the beginning of the period		2,526,273	2,482,202
(Loss)/profit for the period		(954,318)	44,071
Retained earnings at the end of the period		1,571,955	2,526,273
The notes on pages 12 to 33 form part of these financial statements.			

EACS LIMITED
REGISTERED NUMBER: 02913587

BALANCE SHEET
AS AT 31 DECEMBER 2022

	Note	31 December 2022 £	31 March 2022 £
Fixed assets			
Intangible assets	14	217,080	287,816
Tangible assets	15	192,534	144,564
		<u>409,614</u>	<u>432,380</u>
Current assets			
Stocks	16	49,028	64,878
Debtors: amounts falling due within one year	17	7,214,886	7,757,745
Bank and cash balances		33,830	355,873
		<u>7,297,744</u>	<u>8,178,496</u>
Creditors: amounts falling due within one year	18	(5,885,403)	(5,719,336)
Net current assets		<u>1,412,341</u>	<u>2,459,160</u>
Total assets less current liabilities		<u>1,821,955</u>	<u>2,891,540</u>
Provisions for liabilities			
Other provisions		-	(115,267)
Net assets		<u><u>1,821,955</u></u>	<u><u>2,776,273</u></u>
Capital and reserves			
Called up share capital	21	250,000	250,000
Profit and loss account		1,571,955	2,526,273
		<u><u>1,821,955</u></u>	<u><u>2,776,273</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



C B Groome
Director

Date: 19/04/24

The notes on pages 12 to 33 form part of these financial statements.

EACS LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2022**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 April 2021	250,000	2,482,202	2,732,202
Comprehensive income for the year			
Profit for the year	-	44,071	44,071
Total comprehensive income for the year	-	44,071	44,071
At 1 April 2022	250,000	2,526,273	2,776,273
Comprehensive income for the period			
Loss for the period	-	(954,318)	(954,318)
Total comprehensive income for the period	-	(954,318)	(954,318)
At 31 December 2022	250,000	1,571,955	1,821,955

The notes on pages 12 to 33 form part of these financial statements.

EACS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2022

1. General information

The principal activity of EACS Limited ("the company") is other information technology and computer service activities.

The company is a private company limited by shares and is incorporated in England and Wales.

The registered office address is Mode House, Thundridge Business Park, Thundridge, Hertfordshire SG12 0SS.

The directors considered an accounting reference date of 31 December would align better with the business as it is then coterminous with its ultimate parent company Ensco 1278 Limited. Consequently these financial statements are for the 9 month period to 31 December 2022. The amounts presented in the financial statements including the related notes are therefore not entirely comparable.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies 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 preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 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 the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d).

This information is included in the consolidated financial statements of Ensco 1278 Limited as at 31 December 2022 and these financial statements may be obtained from Companies House.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.3 Going concern

In accordance with their responsibilities as directors, the directors have considered the appropriateness of the going concern for the preparation of the financial statements. The directors have a reasonable expectation that the company and the wider group have adequate resources to continue in operational existence and meet their liabilities as they fall due for the foreseeable future being the period of at least 12 months from the date of signing these financial statements. Thus the directors continue to adopt the going concern basis in preparing the financial statements.

During the Financial year ending 31 December 2022 the Group refinanced its senior debt facilities and received additional funds from its key lender BlackRock to acquire the Streamwire Group of companies (EACS Limited). As at 31 December 2022, there was a breach of the covenants associated with the senior debt facility and hence the bank loans have been classified as due on demand as at year end in the Group financial statements. This has resulted in net current liabilities in the Group financial statements. Subsequent to the year end in December 2023, the Board agreed an amendment to the senior debt facility with its bank together with an injection of funds by way of a further draw down facility (RCF) of £4m. The amendment included a reset of the financial covenants applicable for the quarter ended 31 March 2024 onwards for the Group.

The Board of Directors have assessed the Group's current quarters trading to 31 March 2024 and have identified that one of the covenant measures, whilst forecast to be achieved, does have an element of uncertainty due to the limited headroom. The Board continue to have a positive working relationship with its key lender BlackRock and hence are confident that the banking facilities will not be recalled. The Directors continue to implement a number of measures across the Group including, but not limited to, reduction in variable costs including staffing and contractors, reduced discretionary spend, freezing all non-essential recruitment and stopping unnecessary general expenditure to offset any unforeseen headwinds. The Board believe's that under all sensitised forecasts the Group is able to extinguish all its liabilities as they fall due for a period of at least twelve months from the date of these accounts.

The Group is forecasting an uplift in performance for FY24 and FY25 from the financial years ending 31 December 2022 and 2023 and has the ability to draw down further on its RCF should the requirement arise. The basis of growth is following a reinvigorated drive to grow sales and associated margin by increasing the level of upsell and cross sell behaviours coupled with enhanced efficiencies following a completed integration. The Directors are confident that they can further flex and reduce future spend if necessary.

Based on the forecasts and sensitivities noted above, the Directors believe that it remains appropriate to prepare the Group financial statements on a going concern basis. However, the situation relating to the current quarters covenant measures has meant that there is a material uncertainty which may cast doubt on the Group and Company's ability to continue as a going concern. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

EACS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.4 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

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

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

2.5 Revenue

Revenue represents amounts receivable for goods and services net of VAT and trade discounts.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have been passed to the buyer (usually on despatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transactions will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from contracts for the provision of services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Revenue from the provision of managed service - the company recognises an initial 5% of the contract value as revenue in the month the contract commences to reflect the initial set up costs. The remaining balance of the contract amount is deferred and spread over the contract term in line with spread of activity.

2.6 Operating leases: the company as lessee

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

EACS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.7 Leased assets: the company as lessee

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to profit or loss so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

2.8 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight-line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

2.9 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Government grants are made up of income received under the Coronavirus Job Retention Scheme and are disclosed as other operating income in the profit and loss account.

2.10 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.11 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.12 Pensions

Defined contribution pension plan

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the company in independently administered funds.

EACS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.13 Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss 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 by the balance sheet date in the countries where the company operates and generates income.

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

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.14 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the company but are presented separately due to their size or incidence.

EACS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.15 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight-line basis to the Statement of income and retained earnings over its useful economic life.

Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

Internal computer software	-	3-5 years
Goodwill	-	10 years

2.16 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Long-term leasehold	- 4-33.3%
Motor vehicles	- 20-33.33%
Fixtures and fittings	- 20-33.33%

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

EACS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.17 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.18 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.19 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.20 Creditors

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.21 Provisions for liabilities

Provisions are recognised when an event has taken place that gives rise to a legal or constructive obligation, a transfer of economic benefits is probable and a reliable estimate can be made.

Provisions are measured as the best estimate of the amount required to settle the obligation, taking into account the related risks and uncertainties.

Increases in provisions are generally charged as an expense to profit or loss.

2.22 Dilapidation provision

Provisions for dilapidations are recognised on a lease by lease basis and are based on the company's best estimate of the likely committed cash outflow.

2.23 Financial instruments

The company has elected to apply the provisions of Section 11 "Basic Financial Instruments" of FRS 102 to all of its financial instruments.

The company has elected to apply the recognition and measurement provisions of IFRS 9 Financial Instruments (as adopted by the UK Endorsement Board) with the disclosure requirements of Sections 11 and 12 and the other presentation requirements of FRS 102.

EACS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.23 Financial instruments (continued)

Financial instruments are recognised in the company's Balance sheet when the company becomes party to the contractual provisions of the instrument.

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

Basic financial assets

Basic financial assets, which include trade and other receivables, cash and bank balances, are initially measured at their transaction price including transaction costs and are subsequently carried at their amortised cost using the effective interest method, less any provision for impairment, 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.

Discounting is omitted where the effect of discounting is immaterial. The company's cash and cash equivalents, trade and most other receivables due with the operating cycle fall into this category of financial instruments.

Other financial assets

Other financial assets, which includes investments in equity instruments which are not classified as subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the recognised transaction price. Such assets are subsequently measured at fair value with the changes in fair value being recognised in the profit or loss. Where other financial assets are not publicly traded, hence their fair value cannot be measured reliably, they are measured at cost less impairment.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each reporting date.

Financial assets are impaired when events, subsequent to their initial recognition, indicate the estimated future cash flows derived from the financial asset(s) have been adversely impacted. The impairment loss will be the difference between the current carrying amount and the present value of the future cash flows at the asset(s) original effective interest rate.

If there is a favourable change in relation to the events surrounding the impairment loss then the impairment can be reviewed for possible reversal. The reversal will not cause the current carrying amount to exceed the original carrying amount had the impairment not been recognised. The impairment reversal is recognised in the profit or loss.

Financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after the deduction of all its liabilities.

EACS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.23 Financial instruments (continued)

Basic financial liabilities, which include trade and other payables, bank loans and other loans are initially measured at their transaction price after transaction costs. When this constitutes a financing transaction, whereby the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Discounting is omitted where the effect of discounting is immaterial.

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

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 the payment is due within one year. If not, they represent non-current liabilities. Trade payables are initially recognised at their transaction price and subsequently are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

Other financial instruments

Derivatives, including forward exchange contracts, futures contracts and interest rate swaps, are not classified as basic financial instruments. These are initially recognised at fair value on the date the derivative contract is entered into, with costs being charged to the profit or loss. They are subsequently measured at fair value with changes in the profit or loss.

Debt instruments that do not meet the conditions as set out in FRS 102 paragraph 11.9 are subsequently measured at fair value through the profit or loss. This recognition and measurement would also apply to financial instruments where the performance is evaluated on a fair value basis as with a documented risk management or investment strategy.

Derecognition of financial instruments

Derecognition of financial assets

Financial assets are derecognised when their contractual right to future cash flow expire, or are settled, or when the company transfers the asset and substantially all the risks and rewards of ownership to another party. If significant risks and rewards of ownership are retained after the transfer to another party, then the company will continue to recognise the value of the portion of the risks and rewards retained.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

EACS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2022

3. Judgements in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgement, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of the estimation means that actual outcomes could differ from those estimates. The directors are of the opinion that there are no judgements or estimates that have a significant effect on amounts recognised in the financial statements.

4. Turnover

An analysis of turnover by class of business is as follows:

	9 month period to 31 December 2022 £	Year End to 31 March 2022 £
Product sales and services	16,165,456	22,444,302
	<u>16,165,456</u>	<u>22,444,302</u>

5. Other operating income

	9 month period to 31 December 2022 £	Year End to 31 March 2022 £
Government grants - Coronavirus Job Retention Scheme	-	7,024
	<u>-</u>	<u>7,024</u>

EACS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2022**

6. Operating (loss)/profit

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

	9 month period to 31 December 2022 £	Year End to 31 March 2022 £
Depreciation of tangible fixed assets	54,209	142,614
Amortisation of intangible assets, including goodwill	29,455	59,136
Fees payable to the company's auditor and its associated for the audit of the company's annual financial statements	26,000	23,000
Exchange differences	-	904
Other operating lease rentals	43,263	157,835
Defined contribution pension cost	159,499	216,924

7. Auditor's remuneration

The company has taken advantage of the exemption not to disclose amounts paid for non-audit services as these are disclosed in the consolidated accounts of the parent company.

EACS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2022**

8. Employees

	9 month period to 31 December 2022 £	Year End to 31 March 2022 £
Wages and salaries	4,128,359	5,875,677
Social security costs	481,478	633,246
Cost of defined contribution scheme	159,499	216,924
	<u>4,769,336</u>	<u>6,725,847</u>

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

	9 month period to 31 December 2022 No.	Year End to 31 March 2022 No.
Management and administration	11	15
Service delivery	82	84
Sales	25	25
	<u>118</u>	<u>124</u>

9. Directors' remuneration

	9 month period to 31 December 2022 £	Year End to 31 March 2022 £
Directors' emoluments	199,705	297,848
Company contributions to defined contribution pension schemes	11,617	6,699
	<u>211,322</u>	<u>304,547</u>

During the period retirement benefits were accruing to 1 director (Year ended 31 March 2022 - 1) in respect of defined contribution pension schemes.

EACS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2022

10. Interest receivable

	9 month period to 31 December 2022 £	Year End to 31 March 2022 £
Other interest receivable	1,318	-
	<u>1,318</u>	<u>-</u>

11. Interest payable and similar expenses

	9 month period to 31 December 2022 £	Year End to 31 March 2022 £
Bank interest payable	-	10,959
Finance leases and hire purchase contracts	-	3,766
	<u>-</u>	<u>14,725</u>

EACS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2022

12. Taxation

	9 month period to 31 December 2022 £	Year End to 31 March 2022 £
Corporation tax		
Current tax on profits for the year	-	(429)
	<u>-</u>	<u>(429)</u>
Total current tax	<u>-</u>	<u>(429)</u>
Deferred tax		
Origination and reversal of timing differences	(16,792)	4,206
Total deferred tax	<u>(16,792)</u>	<u>4,206</u>
Taxation on (loss)/profit on ordinary activities	<u>(16,792)</u>	<u>3,777</u>

EACS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2022

12. Taxation (continued)

Factors affecting tax charge for the period/year

The tax assessed for the period/year is lower than (2022 - lower than) the standard rate of corporation tax in the UK of 19% (2022 - 19%). The differences are explained below:

	9 month period to 31 December 2022 £	Year End to 31 March 2022 £
(Loss)/profit on ordinary activities before tax	(971,110)	47,848
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2022 - 19%)	(184,511)	9,091
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	40,988	1,038
Capital allowances for period/year in excess of depreciation	-	(42)
Fixed asset differences	-	(4,969)
Remeasurement of deferred tax for changes in tax rates	(45,324)	(1,341)
Movement in deferred tax not recognised	172,055	-
Total tax charge for the period/year	(16,792)	3,777

13. Exceptional items

	9 month period to 31 December 2022 £	Year End to 31 March 2022 £
Staff redundancies	18,369	6,654
Legal costs	318,536	268,203
	336,905	274,857

EACS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2022

14. Intangible assets

	Development costs £	Internal computer software £	Goodwill £	Total £
Cost				
At 1 April 2022	145,008	406,831	120,412	672,251
Additions	-	18,333	-	18,333
At 31 December 2022	145,008	425,164	120,412	690,584
Amortisation				
At 1 April 2022	145,008	184,537	54,890	384,435
Charge for the period	-	80,878	8,191	89,069
At 31 December 2022	145,008	265,415	63,081	473,504
Net book value				
At 31 December 2022	-	159,749	57,331	217,080
At 31 March 2022	-	222,294	65,522	287,816

EACS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2022**

15. Tangible fixed assets

	Long-term leasehold property £	Motor vehicles £	Fixtures and fittings £	Total £
Cost or valuation				
At 1 April 2022	143,054	40,140	708,346	891,540
Additions	89,320	-	56,792	146,112
Disposals	(85,030)	(40,140)	-	(125,170)
At 31 December 2022	147,344	-	765,138	912,482
Depreciation				
At 1 April 2022	89,683	39,025	618,268	746,976
Charge for the period on owned assets	14,042	-	39,052	53,094
Charge for the period on financed assets	-	1,115	-	1,115
Disposals	(41,097)	(40,140)	-	(81,237)
At 31 December 2022	62,628	-	657,320	719,948
Net book value				
At 31 December 2022	84,716	-	107,818	192,534
At 31 March 2022	53,371	1,115	90,078	144,564

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	31 December 2022 £	31 March 2022 £
Motor vehicles	-	1,115
	-	1,115

EACS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2022

16. Stocks

	31 December 2022 £	31 March 2022 £
Finished goods and goods for resale	49,028	64,878
	<u>49,028</u>	<u>64,878</u>

17. Debtors

	31 December 2022 £	31 March 2022 £
Trade debtors	3,274,580	3,461,044
Amounts owed by group undertakings	3,142,423	3,260,797
Other debtors	632,302	890,386
Prepayments and accrued income	143,201	139,930
Deferred taxation	22,380	5,588
	<u>7,214,886</u>	<u>7,757,745</u>

Amounts owed by/to group undertakings are unsecured, interest free and repayable on demand.

EACS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2022**

18. Creditors: Amounts falling due within one year

	31 December 2022 £	31 March 2022 £
Trade creditors	4,230,986	2,960,309
Amounts owed to group undertakings	550,684	74,587
Other taxation and social security	309,251	769,577
Obligations under finance lease and hire purchase contracts	-	19,766
Other creditors	62,939	1,146,231
Accruals and deferred income	731,543	748,866
	<u>5,885,403</u>	<u>5,719,336</u>

In respect of bank facilities in other group companies the facilities are secured by a cross-guarantee supported by a debenture creating a fixed and floating charge over the assets of Espria Limited (formerly Mode Print Solutions Limited), Mode Solutions Limited, Ensco 1150 Limited, Mode Communications Limited (formerly Nix Communications Group Limited), Nix Networks Limited, Ensco 1278 Limited, Streamwire Group Limited, EACS Limited and SNX Services Limited.

19. Deferred taxation

	31 December 2022 £
At beginning of period	5,588
Charged to profit or loss	16,792
At end of year	<u><u>22,380</u></u>

EACS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2022

19. Deferred taxation (continued)

The deferred tax asset is made up as follows:

	31 December 2022 £	31 March 2022 £
Accelerated capital allowances	22,380	(7,478)
Tax losses carried forward	-	13,066
	<u>22,380</u>	<u>5,588</u>

20. Provisions

	Dilapidation provision £
At 1 April 2022	115,267
Charged to profit or loss	(115,267)
At 31 December 2022	<u>-</u>

Dilapidation provision

The dilapidation provision relates to amounts provided to reflect the cost of restoring the condition of the leased property in accordance with the lease agreement.

21. Share capital

	31 December 2022 £	31 March 2022 £
Allotted, called up and fully paid		
250,000(31 March 2022: 250,000) Ordinary shares of £1.00 each	<u>250,000</u>	<u>250,000</u>

EACS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2022

22. Pension commitments

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund.

The pension cost charge represents contributions payable by the company to the fund and amounted to £159,499 (Year ended 31 March 2022: £216,924). Contributions totaling £30,214 (Year ended 31 March 2022: £32,971) were payable to the fund at the balance sheet date and are included in creditors.

23. Commitments under operating leases

At 31 December 2022 the company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	31 December 2022 £	31 March 2022 £
Land and Buildings		
Not later than 1 year	45,383	36,875
Later than 1 year and not later than 5 years	68,075	-
	<u>113,458</u>	<u>36,875</u>
	31 December 2022 £	31 March 2022 £
Other operating leases		
Not later than 1 year	-	17,689
Later than 1 year and not later than 5 years	-	11,974
	<u>-</u>	<u>29,663</u>

In July 2022 the company entered into a new 5 year property lease commitment.

24. Related party transactions

The parent company, Ensco 1278 Limited, prepares consolidated group accounts and accordingly the company has taken advantage of the exemptions contained with FRS102 paragraph 33.1A to not disclose transactions with group undertakings.

At 31 December 2022 directors loans of £nil (Year ended 31 March 2022: £295,000) were owed to directors of the company.

EACS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2022

25. Controlling party

The immediate parent company is Streamwire Group Limited, however the largest and smallest group in which the results of the company are consolidated is that headed by Ensco 1278 Limited, the ultimate parent company. The registered offices of the immediate and ultimate parent undertaking is Mode House, Thundridge Business Park, Thundridge, Ware, SG12 0SS.

Ensco 1278 Limited is owned by a number of shareholders and individually no shareholder can exert control. Therefore the directors are of the opinion that there is no ultimate controlling party.