

(REGISTERED NUMBER 11149304)

**ENSCO 1278 LIMITED**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**



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**ENSCO 1278 LIMITED**  
**COMPANY INFORMATION**

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**DIRECTORS**

Mr S A C Ogilvie  
Mr C B Groome  
Mr D E Jones (appointed 27 June 2023)

**REGISTERED NUMBER**

11149304

**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

**ENSCO 1278 LIMITED**  
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**FOR THE YEAR ENDED 31 DECEMBER 2022**

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**ENSCO 1278 LIMITED**  
**STRATEGIC REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

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The directors present their Strategic Report on the Group for the year 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 subsidiary 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 believe's 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).

**ENSCO 1278 LIMITED**  
**STRATEGIC REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

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**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 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.

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



**C B Groome**  
Director

Date 19/04/24

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**ENSCO 1278 LIMITED**  
**DIRECTORS' REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

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The Directors present their report and financial statements of the Group for the year ended 31 December 2022.

**Directors' responsibilities statement**

The directors are responsible for preparing the Strategic report, 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 the Group and of the profit or loss of the Group for that year.

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

- select suitable accounting policies for the Group'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 and Group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Company and Group 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 Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Directors**

The directors who served during the year were:

Mr R J Cottrell	(resigned 6 June 2023)
Mr S A E Ogilvie	
Mr M J Richards	(resigned 30 April 2022)
Mr M Snaith	(resigned 28 March 2024)
Mr C B Groome	
Mr A T Tupman	(resigned 28 July 2023)

Subsequent to the year end Mr D E Jones was appointed a director on 27 June 2023.

**Results and dividends**

The consolidated loss for the year, after taxation, amounted to £24,994,902 (2021: £6,482,980).

**ENSCO 1278 LIMITED**  
**DIRECTORS' REPORT (CONTINUED)**  
**FOR THE PERIOD ENDED 31 DECEMBER 2022**

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**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 and the Group'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 and the Group'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 on 19 April 2024 and signed on its behalf.

  
**C B Groome**  
Director

**ENSCO 1278 LIMITED**  
**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF**  
**ENSCO 1278 LIMITED**

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**Opinion**

We have audited the financial statements of Ensco 1278 Limited (the 'Company') and its subsidiaries (the 'Group') for the year ended 31 December 2022 which comprise the Consolidated Statement of Comprehensive Income, Consolidated and Company Balance Sheets, Consolidated and Company Statement of Changes in Equity, Consolidated Cash Flow Statement and notes to the financial statements, 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 Group's and of the Company's affairs as at 31 December 2022 and of the Group's loss and cashflows for the year 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 Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC'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 relating to going concern**

We draw attention to note 2.3 in the financial statements which indicates that the company and group 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.

**Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.



**ENSCO 1278 LIMITED**  
**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF**  
**ENSCO 1278 LIMITED (CONTINUED)**

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In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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 our audit:

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

**Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the Group and the Company and their 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 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; 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 Group's and 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 Group or the Company or to cease operations, or have no realistic alternative but to do so.

**ENSCO 1278 LIMITED**  
**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF**  
**ENSCO 1278 LIMITED (CONTINUED)**

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**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 testing a sample of revenue across the year to agree to supporting documentation, and reviewing revenue 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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

**ENSCO 1278 LIMITED**  
**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF**  
**ENSCO 1278 LIMITED (CONTINUED)**

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**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 Auditors

Aquis House  
49-51 Blagrove Street  
Reading  
Berkshire  
RG1 1PL

Date: 19 April 2024

**ENSCO 1278 LIMITED**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED**  
**31 DECEMBER 2022**

	Notes	2022 £	2021 £
Turnover	4	27,133,056	13,623,758
Cost of sales		<u>(13,511,515)</u>	<u>(3,327,517)</u>
<b>Gross profit</b>		13,621,541	10,296,241
Administrative expenses		(21,897,516)	(13,062,801)
Impairment charge - goodwill	12	(12,246,000)	-
Other operating income	5	<u>260</u>	<u>219,152</u>
<b>Operating loss</b>	8	(20,521,715)	(2,547,408)
Interest receivable and similar income		16,795	137
Interest payable and similar charges	9	<u>(4,543,968)</u>	<u>(3,429,615)</u>
<b>Loss before taxation</b>		(25,048,888)	(5,976,886)
Tax on loss	10	<u>53,986</u>	<u>(506,094)</u>
<b>Loss for the financial year</b>		<u>(24,994,902)</u>	<u>(6,482,980)</u>

There was no other comprehensive income for the year ended 31 December 2022 or 31 December 2021.

The notes on pages 16 to 38 form part of these financial statements.

**ENSCO 1278 LIMITED**  
**REGISTERED NUMBER: 11149304**  
**COMPANY BALANCE SHEET**  
**AS AT 31 DECEMBER 2022**

	Notes	2022 £	Restated 2021 £
<b>Fixed assets</b>			
Investments	11	<u>1</u>	<u>1</u>
<b>Current assets</b>			
Debtors: Amounts falling due within one year	15	<u>1,855,558</u>	<u>1,819,508</u>
Cash at bank and in hand		<u>76,870</u>	<u>2,244</u>
		<u>1,932,428</u>	<u>1,821,752</u>
Creditors – amounts falling due within one year	16	<u>(929,042)</u>	<u>(925,379)</u>
<b>Net current assets</b>		<u><u>1,003,386</u></u>	<u><u>896,373</u></u>
<b>Total assets less current liabilities</b>		<u>1,003,387</u>	<u>896,374</u>
Creditors: Amounts falling due after more than one year	17	<u>(929,842)</u>	<u>(763,847)</u>
<b>Net assets</b>		<u><u>73,545</u></u>	<u><u>132,527</u></u>
<b>Capital and reserves</b>			
Called up share capital	21	<u>95,741</u>	<u>95,741</u>
Capital redemption reserve		<u>22,000</u>	<u>22,000</u>
Profit and loss account		<u>(44,196)</u>	<u>14,786</u>
		<u><u>73,545</u></u>	<u><u>132,527</u></u>

The loss for the financial year for the company was £58,982 (2021: £25,145 loss).

The financial statements were approved and authorised for issue by the Board of Directors on 19 April 2024 and were signed on its behalf by:–



**C B Groome**  
Director

The notes on pages 16 to 38 form part of these financial statements.

**ENSCO 1278 LIMITED**  
**CONSOLIDATED BALANCE SHEET**  
**AS AT 31 DECEMBER 2022**

	Notes	2022 £	Restated 2021 £
<b>Fixed assets</b>			
Intangible assets	12	7,879,833	13,728,231
Tangible assets	13	<u>2,423,212</u>	<u>1,920,811</u>
		<u>10,303,045</u>	<u>15,649,042</u>
<b>Current assets</b>			
Stocks	14	379,422	342,569
Debtors: Amounts falling due within one year	15	9,322,434	5,126,873
Cash at bank and in hand		<u>1,826,470</u>	<u>3,236,196</u>
		11,528,326	8,705,638
Creditors – amounts falling due within one year	16	<u>(48,659,763)</u>	<u>(4,970,967)</u>
<b>Net current liabilities</b>		<u>(37,131,437)</u>	<u>3,734,671</u>
<b>Total assets less current liabilities</b>		<u>(26,828,392)</u>	<u>19,383,713</u>
Creditors: Amounts falling due after more than one year	17	(16,416,536)	(37,729,426)
<b>Provisions for liabilities</b>			
Deferred taxation liability	19	<u>(234,997)</u>	<u>(139,310)</u>
<b>Net liabilities</b>		<u>(43,479,925)</u>	<u>(18,485,023)</u>
<b>Capital and reserves</b>			
Called up share capital	21	95,741	95,741
Capital redemption reserve		22,000	22,000
Profit and loss account		<u>(43,597,666)</u>	<u>(18,602,764)</u>
		<u>(43,479,925)</u>	<u>(18,485,023)</u>

The financial statements were approved and authorised for issue by the Board of Directors on 19 April 2024 and were signed on its behalf by:-



**C B Groome**  
Director

The notes on pages 16 to 38 form part of these financial statements.

**ENSCO 1278 LIMITED**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED**  
**31 DECEMBER 2022**

	Share capital £	Share premium £	Capital redemption reserve £	Retained earnings £	Total equity £
At 1 January 2021	106,542	-	10,199	(12,107,983)	(11,991,242)
<b>Comprehensive income for the period</b>					
Loss for the period	-	-	-	(6,482,980)	(6,482,980)
<b>Total comprehensive expense for the year</b>	-	-	-	(6,482,980)	(6,482,980)
Purchase of own shares	(11,801)	-	11,801	(11,801)	(11,801)
Issue of shares	<u>1,000</u>	<u>99,006</u>	-	-	<u>100,006</u>
<b>Total share capital transactions for the year</b>	95,741	-	22,000	(18,602,764)	(18,386,107)
Restatement	-	(99,006)	-	-	(99,006)
<b>At 31 December 2021</b>	<u>95,741</u>	<u>-</u>	<u>22,000</u>	<u>(18,602,764)</u>	<u>(18,485,023)</u>
<b>Comprehensive income for the year</b>					
Loss for the year	-	-	-	(24,994,902)	(24,994,902)
<b>Total comprehensive expense for the year</b>	-	-	-	(24,994,902)	(24,994,902)
Purchase of own shares	-	-	-	-	-
Issue of shares	-	-	-	-	-
<b>Total share capital transactions for the year</b>	-	-	-	-	-
<b>At 31 December 2022</b>	<u>95,741</u>	<u>-</u>	<u>22,000</u>	<u>(43,597,666)</u>	<u>(43,479,925)</u>

**ENSCO 1278 LIMITED**  
**COMPANY STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED**  
**31 DECEMBER 2022**

	Share capital £	Share premium £	Capital redemption reserve £	Retained earnings £	Total equity £
At 1 January 2021	106,542	-	10,199	51,732	168,473
<b>Comprehensive expense for the period</b>					
Loss for the year	-	-	-	(25,145)	(25,145)
<b>Total comprehensive expense for the year</b>	-	-	-	(25,145)	(25,145)
Purchase of own shares	(11,801)	-	11,801	(11,801)	(11,801)
Issue of shares	1,000	99,006	-	-	100,006
<b>Total share capital transactions for the year</b>	(10,801)	99,006	11,801	(11,801)	88,205
Restatement	-	(99,006)	-	-	(99,006)
<b>At 31 December 2021</b>	<b>95,741</b>	<b>-</b>	<b>22,000</b>	<b>14,786</b>	<b>132,527</b>
<b>Comprehensive income for the year</b>					
Loss for the year	-	-	-	(58,982)	(58,982)
<b>Total comprehensive expense for the year</b>	-	-	-	(58,982)	(58,982)
Purchase of own shares	-	-	-	-	-
Issue of shares	-	-	-	-	-
<b>Total share capital transactions for the year</b>	-	-	-	-	-
<b>At 31 December 2022</b>	<b>95,741</b>	<b>-</b>	<b>22,000</b>	<b>(44,196)</b>	<b>73,545</b>



**ENSCO 1278 LIMITED**  
**CONSOLIDATED CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED**  
**31 DECEMBER 2022**

	Notes	2022 £	2021 £
<b>Net cash flows from operating activities</b>	20	<b>1,674,150</b>	<b>4,890,932</b>
Taxation paid		<u>(334,302)</u>	<u>(624,801)</u>
<b>Net cash generated from operating activities</b>		<b><u>1,339,848</u></b>	<b><u>4,266,131</u></b>
<b>Cash flows from investing activities</b>			
Interest received		16,795	137
Purchase of tangible assets		(440,879)	(366,209)
Acquisition of subsidiary (net of cash acquired)		(10,387,977)	-
Proceeds from disposal of fixed assets		<u>-</u>	<u>8,850</u>
<b>Net cash (used in) investing activities</b>		<b><u>(10,812,061)</u></b>	<b><u>(357,222)</u></b>
<b>Cash flows from financing activities</b>			
Interest paid		(3,357,846)	(3,613,232)
Purchase of own shares		-	(11,801)
Movement in finance lease liability		(57,267)	(63,527)
Repayment of loan notes		(240,000)	-
Proceeds from bank borrowings (net)		37,822,000	-
Repayment of bank borrowings		(25,332,181)	-
Movement in asset financing liability		<u>(772,219)</u>	<u>(1,082,106)</u>
<b>Net cash generated from/ (used in) financing activities</b>		<b><u>8,062,487</u></b>	<b><u>(4,770,666)</u></b>
<b>Net (decrease)/increase in cash and equivalents</b>		<b>(1,409,726)</b>	<b>(861,757)</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b><u>3,236,196</u></b>	<b><u>4,097,953</u></b>
<b>Cash and cash equivalents at end of period</b>		<b><u><u>1,826,470</u></u></b>	<b><u><u>3,236,196</u></u></b>
<b>Cash and cash equivalents comprise:</b>			
Cash at bank and in hand		<u><u>1,826,470</u></u>	<u><u>3,236,196</u></u>

**ENSCO 1278 LIMITED**  
**CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)**  
**FOR THE YEAR ENDED**  
**31 DECEMBER 2022**

Analysis of changes in net debt	At 1 January 2022 £	Cash flows £	On acquisition	Non cash movement £	At 31 December 2022 £
Cash at bank and in hand	3,236,196	(1,409,726)	-	-	1,826,470
	<u>3,236,196</u>	<u>(1,409,726)</u>	<u>-</u>	<u>-</u>	<u>1,826,470</u>
Bank loan	(22,313,337)	(12,489,819)	(2,938,667)	(201,927)	(37,943,750)
Accrued bank loan interest	(477,683)	477,683	-	-	-
Loan notes	(13,697,842)	240,000	(165,995)	(219,251)	(13,843,088)
Accrued loan note interest	(511,089)	(1,242,627)	-	-	(1,753,716)
Finance leases	(96,572)	57,267	-	-	(39,305)
Asset finance arrangements	(2,736,999)	772,219	-	(1,594,592)	(3,559,372)
	<u>(39,833,522)</u>	<u>(12,185,277)</u>	<u>(3,104,662)</u>	<u>(2,015,770)</u>	<u>(57,139,231)</u>
<b>Total</b>	<u>(36,597,326)</u>	<u>(13,595,003)</u>	<u>(3,104,662)</u>	<u>(2,015,770)</u>	<u>(55,312,761)</u>

**ENSCO 1278 LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**1. Company information**

EnSCO 1278 Limited is a private limited company (registered number 11149304) incorporated and domiciled in the UK. Its registered office is Mode House, Thundridge Business Park, Thundridge, Ware, SG12 0SS. The principle activities of the Group are that of being a Managed IT, Document Solutions and VoIP Communications Services, it delivers these services by consulting, installing, supporting customers IT, applications, print devices and telephony. The company EnSCO 1278 Limited is a holding company and does not trade.

**2. Accounting policies**

**2.1 Basis of preparation of financial statements**

The consolidated and company financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom 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 judgement in applying the Group's accounting policies (see note 3).

The company has taken the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own statement of comprehensive income in these financial statements.

The company has also taken advantage of the exemption from preparing a statement of cashflow on basis it is a qualifying entity and the consolidated statement of cashflow included in these financial statements includes the company's cashflows.

Streamwire Group Limited (09939279), SNX Services Limited (09730681) and Nix Networks Limited (12045243) are exempt from the requirements of the Companies Act relating to the audit of accounts under section 479A of the Companies Act. Streamwire Group Limited, SNX Services Limited and Nix Networks Limited are included in the consolidated accounts. EnSCO 1278 Limited has provided a guarantee to these subsidiaries in accordance with this section.

The following principal accounting policies have been applied.

**2.2 Consolidation**

The consolidated financial statements include the financial statements of the company and all of its subsidiary undertakings made up for the year ended 31 December 2022. Intra-group transactions and balances have been eliminated on consolidation. Any subsidiary undertakings acquired in the year are included from the date of change of control.

**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

**ENSCO 1278 LIMITED**  
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**2.3 Going Concern (continued)**

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.

**2.4 Goodwill**

Goodwill arises on business acquisitions and represents the excess of the cost of the acquisition over the company's interest in the net amount of the identifiable assets and liabilities. Goodwill is measured at cost less accumulated amortisation. Goodwill is considered to have a finite useful life, and is amortised over its useful life which the directors deem to be 5 years.

**2.5 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.

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**2.5 Other intangible assets (continued)**

The estimated useful lives range as follows:

Internal computer software	3-5 years
Other goodwill	5 years

**2.6 Valuation of investments**

Investments in subsidiaries are measured at cost less accumulated impairment.

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist.

**2.7 Revenue**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Where the Group is deemed to be a lessor under an operating lease contract, the total rental receivable from the customer contract is recognised on a straight line basis evenly over the term of the contract to the Statement of comprehensive income.

Revenue from the supply of print solutions is recognised on despatch since this is when the risk and rewards of ownership have transferred to the customer. Revenue to provide maintenance services is recognised in the period in which the service is provided and amounts relating to future financial periods are included in deferred income.

Revenue in respect of the supply and installation of telephone systems is recognised in full at the point of installation since the significant risks and rewards of ownership have transferred to the customer. Revenue in relation to the provision of maintenance services is recognised over the period of the service contract and amounts relating to future financial periods are included in deferred income. Revenue in respect of telephony services, call lines and rentals, is recognised in the period in which the service is provided.

Revenue from the sale of IT 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 IT 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 IT 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.

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**2.8 Operating leases: the Group as lessee**

Rentals paid under operating leases are charged to the Statement of comprehensive income 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.

**2.9 Leased assets: the Group as lessee**

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance leases 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 and assumed by the Group. 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 the statement of comprehensive income so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

**2.10 Asset financing arrangements**

The Group enters in to financing arrangements which are held at amortised cost and a fixed rate of interest is paid over the duration of the financing arrangement. Interest payable on the gross amount payable, calculated using the actuarial interest method, is debited to the statement of comprehensive income as an interest expense.

**2.11 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.

**2.12 Termination benefits**

Termination benefits are recognised when the entity has a legal or constructive obligation to pay the benefit.

**2.13 Pensions**

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

The contributions are recognised as an expense in the Statement of comprehensive income 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 Group in independently administered funds.

**2.14 Share based payments**

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to profit or loss over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as target based on an index) or factors which are within the control of one or other parties (such as the Group keeping the scheme open or the employee maintaining any contributions required by the scheme).

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
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**2.14 Share based payments (continued)**

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period.

Where equity instruments are granted to persons other than employees, profit or loss is charged with fair value of goods and services received.

**2.15 Current and deferred taxation**

The tax expense for the period comprises current and deferred tax. Tax is recognised in the Statement of comprehensive income, 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 Group 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.

**2.16 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 property	– 5 years straight line
Short-term leasehold property	– over the length of the lease
Plant and machinery	– 5 years straight line
Office equipment	– 5 years straight line/25% reducing balance
Fixtures & fittings	– 25% reducing balance
Motor vehicles	– 25% reducing balance
Other fixed assets	– 25% reducing balance

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.

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**2.16 Tangible fixed assets (continued)**

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of comprehensive income.

**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.

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 made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of comprehensive income in the period that the Group becomes aware of the obligation and are measured at the best estimate at the Balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance sheet.

**2.22 Financial instruments**

The Group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.



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**3. Critical accounting judgements and key sources of estimation uncertainty**

Preparation of the financial statements requires management to make significant judgements and estimates. The directors consider the following as material judgements in applying accounting policies or key sources of estimation uncertainty:

**Impairment of fixed assets and goodwill**

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. If there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the assets carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGUs) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

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**4. Turnover**

All of the Group's turnover is derived from the UK and is from the Group's principal activities.

	2022	2021
	£	£
Supply of print solution services	7,835,270	7,084,507
Supply and installation of telephone services	6,611,853	6,539,251
Supply of IT solutions and services	<u>12,685,933</u>	<u>-</u>
	<u><u>27,133,056</u></u>	<u><u>13,623,758</u></u>

**5. Other operating income**

	2022	2021
	£	£
Other operating income	260	-
Government grants – Coronavirus job retention scheme	<u>-</u>	<u>219,152</u>

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**6. Staff costs**

	2022	2021
	£	£
Wages and salaries	7,169,112	3,365,188
Social security costs	829,875	373,870
Other pension costs (note 7)	<u>202,260</u>	<u>70,084</u>
	<u><b>8,201,247</b></u>	<u><b>3,809,142</b></u>

The average number of persons employed by the Group, including Directors, during the year was:

	2022	2021
	£	£
Selling and distribution	44	51
Administration	<u>103</u>	<u>32</u>
	<u><b>147</b></u>	<u><b>83</b></u>

Key management personnel received aggregate remuneration of £845,056 (2021: £421,267).

	2022	2021
	£	£
Aggregate Directors' emoluments	537,398	416,657
Company contributions in respect of defined contribution pension scheme	<u>13,889</u>	<u>4,610</u>
	<u><b>551,287</b></u>	<u><b>421,267</b></u>

The highest paid director received remuneration of £175,000 (2021: £179,269) for the year. The value of the Group's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £6,664 (2021: £1,392) for the year. The highest paid director has not exercised any share options during the year.

Retirement benefits accrued to 5 Directors in 2022 (2021: 5 Directors), under the Group's defined contribution pension scheme.

**7. Pension costs**

The Group operates a defined contribution pension scheme. The pensions charge for the year amounted to £202,260 (2021: £70,084). There were amounts of £42,037 (2021: £23,948) outstanding at 31 December 2022 in respect of contributions to the scheme.

**ENSCO 1278 LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
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**8. Operating loss**

Operating loss is stated after charging:	<b>2022</b>	<b>2021</b>
	£	£
Amortisation	7,995,827	6,558,086
Depreciation – owned assets	275,120	167,580
Depreciation – financed assets	572,932	735,017
Services provided by the group's auditor		
Audit of the financial statements of the parent company	36,500	5,665
Audit of the financial statements of the company's subsidiaries	76,500	51,040
Tax compliance services	27,095	19,360
Tax advisory services	-	18,065
Other services	15,728	40,000
Operating lease payments		
Land and Buildings	193,263	153,173
Loss on disposal of tangible fixed assets	<u>134,902</u>	<u>7,349</u>

**9. Interest payable**

	<b>2022</b>	<b>2021</b>
	£	£
Interest payable on loan notes	1,288,809	1,229,457
Interest on asset financing	103,393	233,984
Interest on bank loans	2,992,516	1,752,000
Amortisation of finance costs	<u>159,250</u>	<u>214,174</u>
	<u>4,543,968</u>	<u>3,429,615</u>

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**10. Taxation**

	2022 £	2021 £
<b>Current tax</b>		
UK Corporation Tax payable on loss of the period	-	481,401
Adjustments in respect of prior periods	<u>(155,262)</u>	<u>(47,207)</u>
<b>Total current tax</b>	(155,262)	434,194
<b>Deferred tax</b> (note 19)	<u>101,276</u>	<u>71,900</u>
<b>Taxation on loss</b>	<u><u>(53,986)</u></u>	<u><u>506,094</u></u>

The tax assessed for the period is higher than (*2021: higher than*) the standard rate of corporation tax in the UK. The differences are explained below:

	2022 £	2021 £
Loss before taxation	<u>(25,001,737)</u>	<u>(5,976,886)</u>
UK tax at 19.00%	(4,750,330)	(1,135,608)
Non tax deductible amortisation and impairment of goodwill	3,711,831	1,071,980
Expenses not deductible for tax purposes	463,848	354,362
Income not taxable for tax purposes	(309)	(300)
Difference between capital allowances for the period and depreciation	135,226	182,601
Deferred tax not recognised	526,044	60,035
Remeasurement of deferred tax for changes in tax rates	(101,163)	20,231
Transfer pricing	116,129	-
Adjustments in respect of prior periods	<u>(155,262)</u>	<u>(47,207)</u>
<b>Total tax charge for the period</b>	<u><u>(53,986)</u></u>	<u><u>506,094</u></u>

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**11. Fixed asset investments**

Company	Investments in subsidiary companies £
<b>Cost and net book value as at 1 January and 31 December 2022</b>	<u><u>1</u></u>

On 1 June 2022 the Group acquired Streamwire Group Limited, the holding company of EACS Limited.

All companies are wholly owned and held directly unless otherwise indicated below, the results of which have been consolidated into these financial statements from the date of change of control for the year to 31 December 2022. All subsidiaries are incorporated in the UK.

Name	Type of business	Aggregate of share capital and reserves £	Profit/(loss) for 2022 £
Ensco 1150 Limited	Holding Company	(7,842,528)	(2,642,332)
Espria Limited (Formerly Mode Print Solutions Limited)*	Supplier of print solution services	5,857,909	33,088
Mode Solutions Limited*	Holding Company	(17,072,512)	(21,553,682)
Mode Communications Limited*	Supplier of telephone services	6,225,409	896,772
Nix Networks Limited*	Supplier of telephone services	3,007,725	(580,156)
Mode Copiers Limited*	Dormant	1	-
Mode IT Solutions Limited*	Dormant	100	-
Streamwire Group Limited*	Holding Company	(1,875,659)	(105,041)
EACS Limited*	Supplier of IT. Solutions and services	1,821,949	(954,324)
SNX Services Limited	Dormant	336	234

\* Investment held indirectly through another subsidiary company.

The address of the registered office for all subsidiaries is Mode House, Thundridge Business Park, Thundridge, Ware, Hertfordshire, SG12 0SS.

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**12. Intangible fixed assets**

	Goodwill on consolidation	Other intangibles and goodwill	Total
	£	£	£
<b>Group</b>			
<b>Cost</b>			
At 1 January 2022	28,209,911	3,790,106	32,000,017
Acquisition	-	267,956	267,956
Additions	14,125,474	-	14,125,474
At 31 December 2022	<u>42,335,385</u>	<u>4,058,062</u>	<u>46,393,447</u>
<b>Amortisation</b>			
At 1 January 2022	16,256,677	2,015,109	18,271,786
Impairment	12,246,000	-	12,246,000
Charge for the year	7,289,954	705,874	7,995,827
At 31 December 2022	<u>35,792,631</u>	<u>2,720,983</u>	<u>38,513,613</u>
<b>Net book values</b>			
At 31 December 2022	<u>6,542,754</u>	<u>1,337,079</u>	<u>7,879,833</u>
At 31 December 2021	<u>11,953,234</u>	<u>1,774,997</u>	<u>13,728,231</u>

The goodwill arose on consolidation on the acquisition of Mode Solutions Limited and its subsidiary Espria Limited (Formerly Mode Print Solutions Limited) in 2018, on the acquisition of Mode Communications Limited and its subsidiary Nix Networks Limited during the year ended 31 December 2019 and on the acquisition of Streamwire Group Limited and its subsidiaries EACS Limited and SNX Services Limited in the year ended 31 December 2022.

The other goodwill is held in the individual entity accounts of Mode Communications Limited and Nix Networks Limited and relates to the transfer of trade and assets from previous acquisitions.

Other intangible fixed assets of £159,749 relate to capitalisation of internal computer software.

As at year end the directors have assessed the carrying value of the goodwill on consolidation and an impairment charge of £12,246,000 has been taken to the Statement of other comprehensive income.

**ENSCO 1278 LIMITED**

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**13. Tangible fixed assets**



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**13. Tangible fixed assets (continued)**

The company had no tangible fixed assets.

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

	2022 £	2021 £
Motor Vehicles	<u>41,200</u>	<u>131,225</u>
	<u>41,200</u>	<u>131,225</u>

**14. Stocks**

	Group 2022 £	Company 2022 £	Group 2021 £	Company 2021 £
Finished goods and goods for resale	<u>379,422</u>	<u>-</u>	<u>342,569</u>	<u>-</u>

**15. Debtors**

**Due within one year**

	Group 2022 £	Company 2022 £	Group 2021 £	Company 2021 £
Trade debtors	4,595,044	-	1,545,331	-
Amounts due from fellow group companies	-	1,844,504	-	1,818,508
Other debtors	4,019,054	10,054	3,203,062	-
Unpaid share capital	1,000	1,000	1,000	1,000
Prepayments and accrued income	<u>707,336</u>	<u>-</u>	<u>377,480</u>	<u>-</u>
	<u>9,322,434</u>	<u>1,855,558</u>	<u>5,126,873</u>	<u>1,819,508</u>

Trade debtors are stated after provisions of £437,015 (2021: £282,752).

Other debtors include £2,996,525 (2021: £1,894,255) in respect of asset financing arrangements.

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**16. Creditors – Amounts falling due within one year**

	Group 2022 £	Company 2022 £	Group 2021 £	Company 2021 £
Bank loans	37,943,750	-	-	-
Trade creditors	5,099,378	-	760,739	3,000
Amounts owed to fellow group companies	-	746,798	-	803,927
Corporation tax	-	-	213,023	-
Other taxation and social security	991,946	17,103	1,163,990	85,023
Net obligations under finance lease and hire purchase contracts	19,036	-	53,954	-
Asset financing arrangements	1,006,193	-	1,125,008	-
Other creditors	75,188	-	96,558	-
Accrued bank loan interest	-	-	414,045	-
Accrued loan note interest	1,753,716	125,600	511,089	31,454
Accruals and deferred income	<u>1,770,556</u>	<u>39,541</u>	<u>632,561</u>	<u>1,975</u>
	<u>48,659,763</u>	<u>929,042</u>	<u>4,970,967</u>	<u>925,379</u>

Amounts owed to/from fellow group companies are unsecured, interest free and repayable on demand.

As at year end the group has a revolving bank facility and senior term loan facility of £39,000,000, the agreement terminates on 30 May 2028. An arrangement fee of £1,056,250 was capitalised against the bank loan balance and is to be written off over the term of the loan. The facilities are subject to a margin rate of 7.00% to 8.00%, the rate for the revolving loan facility is based on leverage in respect of this facility. Interest paid in the year amounts to £2,235,828.

The bank facilities at year end 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, Nix Networks Limited, Streamwire Group Limited, EACS Limited, SNX Services Limited and Ensco 1278 Limited. The bank loan is subject to certain financial covenants. As per the facilities agreement, these covenants are assessed at the end of the year and if the covenants are breached the bank has the right to demand full repayment of the loan immediately. As at the year end the company determined that it is in breach of these covenants. Accordingly the loan was classified as a current liability in these financial statements.

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
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**17. Creditors – Amounts falling due after more than one year**

	Group 2022	Company 2022	Group 2021 £	Company 2021 £
Bank loans	-	-	22,313,337	-
Loan notes	13,843,088	929,842	13,697,842	763,847
Accrued bank loan interest	-	-	63,638	-
Net obligations under finance lease and hire purchase contracts	20,269	-	42,618	-
Asset financing arrangements	<u>2,553,179</u>	<u>-</u>	<u>1,611,991</u>	<u>-</u>
	<u><b>16,416,536</b></u>	<u><b>929,842</b></u>	<u><b>37,729,426</b></u>	<u><b>763,847</b></u>

The Group had a revolving bank facility and term loan facility of £22,500,000, the agreement terminated on 20 December 2025. The facilities were subject to a margin rate of 2.75% to 6.25%, the rate for the revolving loan facility was based on leverage in respect of this facility. The loan was also subject to a LIBOR interest charge. These facilities were closed on 1 June 2022 and all outstanding amounts were repaid.

Secured fixed rate A and C loan notes of £8,033,049 and £763,847 respectively were issued on the 2 August 2018 as part of the management buy out. The fixed rate A and C loan notes carry a 8% and 10% interest charge respectively. The maturity date of the loan notes is 1 December 2028. In June 2022, £140,000 of the C loan notes were transferred to D loan notes repayable in 2028.

Secured fixed rate D loan notes of £5,117,000 were issued on 20 December 2019 as part of the acquisition of Mode Communications Limited by the subsidiary undertaking Mode Solutions Limited. The fixed rate D loan notes carry a 10% interest charge. The maturity date of the loan note is 1 December 2028. During the year £100,000 was repaid.

As at year end the loan notes 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, Nix Networks Limited and Ensco 1278 Limited.

In June 2022 £165,995 E loan notes were issued. The fixed rate loan notes carry a 10% interest rate charge and are repayable in 2028.

The minimum lease payments under hire purchase fall due between 1 and 5 years.

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
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**17. Creditors – Amounts falling due after more than one year (continued)**

	Group 2022 £	Company 2022 £	Group 2021 £	Company 2021 £
Bank loans and accrued interest due:				
Less than one year	37,943,750	-	414,045	-
In two to five years	-	-	22,376,975	-
In more than five years	-	-	-	-
	<u>37,943,750</u>	<u>-</u>	<u>22,791,020</u>	<u>-</u>
Loan notes and accrued interest due:				
Less than one year	1,753,716	125,600	511,089	31,454
In two to five years	13,843,088	929,842	13,697,842	763,847
In more than five years	-	-	-	-
	<u>15,596,804</u>	<u>1,055,442</u>	<u>14,208,931</u>	<u>795,301</u>

**18. Financial instruments**

	Group 2022 £	Company 2022 £	Group 2021 £	Company 2021 £
<b>Financial assets</b>				
Financial assets measured at amortised cost	<u>11,147,905</u>	<u>1,931,428</u>	<u>7,565,513</u>	<u>1,832,554</u>
	<u>11,147,905</u>	<u>1,931,428</u>	<u>7,565,513</u>	<u>1,832,554</u>
<b>Finance liabilities</b>				
Financial liabilities measured at amortised cost	<u>64,639,019</u>	<u>1,858,884</u>	<u>40,965,685</u>	<u>797,276</u>
	<u>64,639,019</u>	<u>1,858,884</u>	<u>40,965,685</u>	<u>797,276</u>

**ENSCO 1278 LIMITED**  
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**18. Financial instruments (continued)**

Financial assets measured at amortised cost comprise trade debtors, amounts owed by group undertakings, other debtors and cash and cash equivalents.

Financial liabilities measured at amortised cost comprise trade creditors, amounts owed to group undertakings, other creditors, asset financing arrangements, bank loans and accruals excluding deferred income.

	Group 2022 £	Company 2022 £	Group 2021 £	Company 2021 £
<b>Interest income</b>				
Total interest income for financial assets held at amortised cost	<u>16,795</u>	<u>-</u>	<u>137</u>	<u>-</u>
<b>Interest expense</b>				
Total interest expense for financial liabilities held at amortised cost	<u>4,543,968</u>	<u>91,286</u>	<u>3,429,615</u>	<u>75,622</u>

**19. Deferred taxation**

	Deferred Taxation £
<b>Group</b>	
At 1 January 2022	139,310
Acquisition	(5,589)
Charged to the profit or loss	<u>101,276</u>
<b>At 31 December 2022</b>	<u><b>234,997</b></u>

The provision for deferred taxation is made up as follows:

	Group 2022 £	Group 2021 £
Accelerated capital allowance	248,617	173,140
Short term timing differences	<u>(13,620)</u>	<u>(33,830)</u>
	<u><b>234,997</b></u>	<u><b>139,310</b></u>

The Group has an unrecognised deferred tax asset of £1,207,671 (2021: £55,014) and the Company has an unrecognised deferred tax asset of £nil (2021: £nil) in relation to short term timing differences and losses.

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**20. Cash flows from operating activities**

	2022 £	2021 £
Operating loss	(20,521,715)	(2,547,408)
Depreciation charge	848,050	902,597
Amortisation charge on intangible assets	7,995,827	6,558,086
Impairment of goodwill	12,246,000	-
Decrease/(increase) in stocks	73,553	(133,302)
Decrease/(increase) in debtors	875,262	(466,160)
Increase in creditors	22,271	569,770
Loss on disposal of tangible fixed assets	<u>134,902</u>	<u>7,349</u>
<b>Net cash generated from operating activities</b>	<b><u>1,674,150</u></b>	<b><u>4,890,932</u></b>

**21. Share capital**

	2022 £	2021 £
<b>Allotted, issued and fully paid</b>		
Ordinary shares of £0.01 each	66,951	66,951
Ordinary 'A' shares of £0.01 each	7,801	7,801
Ordinary 'B' shares of £0.01 each	4,251	4,251
Ordinary 'C' shares of £0.01 each	<u>16,738</u>	<u>16,738</u>
	<b><u>95,741</u></b>	<b><u>95,741</u></b>

Amounts which the company resolve to distribute to the shareholders shall be apportioned amongst the *Ordinary shareholders*, Ordinary 'A' shareholders and Ordinary 'B' shareholders in proportion to the number of such shares held by them respectively, as if they constituted one class of share. *The Ordinary 'C' shares do not carry any rights to receive dividends.*

On a return of capital, whether on liquidation, capital reduction or otherwise, any surplus assets of the company remaining after the payment of its liabilities shall be distributed amongst the holders of Ordinary, Ordinary 'A', Ordinary 'B' and Ordinary 'C' shares *pro rata* according to the number of such equity shares held by them respectively, as if they constituted one class of share until each holder of equity shares has received an amount equal to the aggregate issue price paid for such shares.

Each Ordinary, Ordinary 'A' and Ordinary 'B' share shall entitle its holder to receive notice of, attend and vote at any general meeting. The Ordinary 'C' shares do not confer any voting rights on the holders of such shares.

Following a review by management of the 100,003 Ordinary B £0.01 shares issued in the prior year, the share premium was overstated by £99,006. Therefore the prior year balance sheet as at 31 December 2021 has been restated to correct the error and reduce share premium and unpaid share capital debtor by £99,006. The adjustment has had no impact on the Statement of comprehensive income in the prior year or the current year.

**ENSCO 1278 LIMITED**  
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**22. Share based payments**

On 20 February 2019 Ensco 1278 established the Mode Print Solutions Group Holdings Enterprise Management Incentive Plan ('EMI Plan') and granted share options to certain employees under the EMI plan.

At 31 December 2022 the following share options were in issue over £0.01 B Ordinary Shares in Ensco 1278 Limited:

20 February 2019, 931,272 options were granted at an exercise price of £0.01.

24 October 2019, 450,638 options were granted at an exercise price of £0.01. Of these options, 200,006 lapsed during the year.

8 September 2021, 700,021 options were granted at an exercise price of £0.20.

There has been no charge to the profit or loss account as the Directors' have deemed any movement to be immaterial.

The conditions attached to the options are as follows:

- 300,010 options with no performance conditions, exercisable immediately after grant
- 1,581,915 options exercisable on an exit event.

Options lapse on the tenth anniversary of the date of grant, assuming it is not exercised before then and no event occurs to cause it to lapse. Post year end 500,015 options exercisable on an exit event lapsed.

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**23. Commitments and contingent liabilities**

**(a) Capital commitments**

At 31 December 2022 the Group and Company have no capital commitments.

**(b) Operating leases**

The Group had future minimum leases payments due under non-cancellable operating leases for each for the following periods:

	2022		2021	
	Land and Buildings £	Other £	Land and Buildings £	Other £
Not later than 1 year	150,000	-	150,000	-
Later than 1 year and not later than 5 years	300,000	-	380,000	-
Later than 5 years	<u>151,667</u>	<u>-</u>	<u>221,667</u>	<u>-</u>
	<u>601,667</u>	<u>-</u>	<u>751,667</u>	<u>-</u>

The Company had no operating lease commitments.

**24. Acquisition**

On 1 June 2022, Mode Solutions Limited, a subsidiary company, acquired Streamwire Group Limited and its trading subsidiary EACS Limited for a total consideration of £9,870,113.

In calculating the goodwill arising on acquisition the fair value of the net assets of Streamwire Group Limited and subsidiaries has been assessed and no adjustments to book value were deemed necessary. The book value and fair value of the net assets acquired are summarised in the following table.



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**24.Acquisition (continued)**

	Book and fair value £
<b>Fixed assets</b>	
Intangible assets	267,956
Tangible assets	153,750
<b>Current assets</b>	
Stocks	110,406
Debtors	<u>4,366,957</u>
<b>Total assets</b>	4,899,069
Creditors due within one year	(6,471,352)
Creditors due more than one year	(2,688,667)
Deferred tax	<u>5,589</u>
<b>Net liabilities</b>	<u>(4,255,361)</u>
<b>Consideration</b>	£
Loan notes	165,995
Cash consideration	8,546,245
Acquisition costs	<u>1,157,873</u>
	9,870,113
Less net liabilities acquired	<u>(4,225,361)</u>
<b>Goodwill arising on acquisition</b>	<u>14,125,474</u>
<b>Cashflows</b>	
The net cash outflow from the acquisition was as follows:	
Cash consideration	8,546,245
Acquisition costs	1,157,873
Cash at bank and in hand acquired	<u>683,859</u>
<b>Net cash outflow</b>	<u>10,387,977</u>
	Period ended 31 May 2022
<b>Profit and loss account</b>	£
Turnover	<u>3,479,523</u>
<b>Operating loss</b>	(168,967)
<b>Loss before taxation</b>	<u>(188,474)</u>
Tax on loss	<u>-</u>
<b>Loss for the period</b>	<u>(188,474)</u>

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**25. Related party disclosures**

Shareholders with significant influence over Ensco 1278 Limited are owed amounts of £8,979,908 at 31 December 2022 (2021: £8,298,237). Interest on these amounts of £620,347 (2021: £642,360) was charged to the Statement of comprehensive income in addition to fees amounting to £247,049 (2021: £256,973).

As at year end, a director and management held loan notes of £100,000 and £40,000 respectively. Interest on these amounts of £8,374 was charged to the Statement of comprehensive income.

**26. Post balance sheet events**

On 23 December 2023, the company refinanced the £39,000,000 senior term facility and revolving facilities agreement to a £40,558,890 facility B and a further draw down facility of £4,000,000. The amendment included a reset of the financial covenants.

On 28 July 2023, £100,000 D loan notes were redeemed and deemed to be repaid and discharged in full.

**27. Controlling party**

The Company is owned by a number of shareholders and individually no shareholder is able to exert control. Therefore the directors are of the opinion that there is no ultimate controlling party.