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**ENSEK HOLDINGS LIMITED**

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**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE PERIOD 18 AUGUST 2017 TO 31 MARCH 2018**

TUESDAY



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COMPANIES HOUSE

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## ENSEK HOLDINGS LIMITED

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### COMPANY INFORMATION

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**Directors**

D Bains (appointed 3 October 2017)  
J C Green (appointed 3 October 2017)  
J L Kirk (appointed 3 October 2017)  
E P Minshull (appointed 3 October 2017)  
I Peters (appointed 3 October 2017)  
J A Slade (appointed 18 August 2017)  
A J Stevenson (appointed 3 October 2017)  
M Wright (appointed 3 October 2017)  
P E Bennett (appointed 15 January 2018)

**Registered number**

10923200

**Registered office**

Watercourt  
116-118 Canal Street  
Nottingham  
NG1 7HF

**Independent auditor**

Grant Thornton UK LLP  
Chartered Accountants & Senior Statutory Auditor  
Regent House  
80 Regent Road  
Leicester  
LE1 7NH

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**ENSEK HOLDINGS LIMITED**

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## ENSEK HOLDINGS LIMITED

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### GROUP STRATEGIC REPORT FOR THE PERIOD ENDED 31 MARCH 2018

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#### Introduction

ENSEK Holdings Limited is the parent company of ENSEK Limited a company which develops and implements a suite of software, advisory and managed service solutions to new entrants and established players in the energy sector. Modular solutions are offered to customers, these include:

- Market Entry: pre-accredited supply companies ready for Controlled Market Entry.
- Industry Process Management: DTC, IX, DCC ready market messaging with automated error handling and exception workflows.
- Managed Service: industry process management and exception handling including gain / loss, metering and settlements.
- Customer Management: in-life account management for service agents, plus self-serve for customers and TPIs.
- Billing: Charging and raising statements from fixed products and single sites through to complex groups and flex products.
- Purchase v Sales: unique in the industry meter level reconciliation of settled and billed volumes to identify revenue leakage.
- Energy Accounting: customer level cost and margin reporting to facilitate performance reporting and optimisation.
- Analytics: real-time analytics platform providing customer, market and operational insight.

The Group supports a range of customers, from new entrants navigating the energy sector for the first time, to 'Big 6' utility suppliers.

We sell SaaS products to customers on an enterprise subscription basis, typically on 3 to 5 year contracts with a fixed minimum subscription fee and incremental additional fees linked to the a customer's meter point volume.

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## ENSEK HOLDINGS LIMITED

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### GROUP STRATEGIC REPORT (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2018

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#### Business review

During FY18 the Group has continued to strongly grow revenue through the acquisition of new customers and through supporting the organic meter point growth of existing customers. Lead indicators, commonly used by Software-as-a-Service (SaaS) businesses, continue to show strong growth in new customer bookings and Annual Recurring Revenue (ARR) and will underpin continued future revenue growth.

In October 2017 Lloyds Development Capital (LDC) invested in the business. This has provided the business with growth capital to facilitate and accelerate development plans.

A clear strategy has been developed by the Board with the objectives:

- to invest in the business to drive accelerated SaaS bookings and recurring revenue growth
- to increase the proportion of revenue contributed by SaaS products
- to invest in our operating platform and people to enable the business to scale effectively
- to continue to invest in the development of new products and modules to deliver new products, functionality and the continuing advancement and improvement of existing services.

Whilst the benefit of the revised strategy will be primarily realised in FY19 and FY20, the business' key lead indicators are strong. As a business we focus particularly on the metric 'annualised recurring revenue' (ARR) which we calculate as the full annual run rate value of committed contracts, including those which are being implemented, minus any known churn. We believe that this metric is a strong lead indicator of future recognised revenue. During FY18 we have seen strong performance in the rate of new customer acquisitions, bookings and ARR, all of which augurs well for FY19.

ENSEK Holdings Limited acquired ENSEK Ltd on 3 October 2017. These consolidated financial statements therefore only incorporate the results of ENSEK Ltd from that date.

At an ENSEK Ltd level, revenue has grown by 158% to £6.2m in FY18 as customer acquisition during FY18 and H2 FY17 have been implemented. Product mix has shifted towards SaaS products, with SaaS contributing [55%] of total revenue (FY17 [49%]). SaaS related revenue grew [166%] between FY17 and FY18.

In addition, the revenue mix transitioned increasingly towards recurring revenue which contributed [76%] of total revenue (FY17 [56%]).

#### Operational Review

To support the strategy to accelerate SaaS bookings and revenue growth, the business has accelerated investment in our products, our people and our operations. Underlying operating expenses (defined as operating expenses charged to profit plus research and development costs capitalised, less related amortisation) have increased by 91%.

We have invested heavily in the development function during the past year to ensure that we continue to be a technology leader in our sector. During the year, a change in accounting policy has been implemented enabling us to capitalise our R&D investment. We regard ongoing investment in research and development as a prerequisite for success in the medium to long term future.

A new product focused on Business to Business (B2B) utility suppliers was a key area of development during FY18. In addition, we continue to invest in the development of our existing products to ensure that they remain best in class.

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## ENSEK HOLDINGS LIMITED

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### GROUP STRATEGIC REPORT (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2018

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#### Principal risks and uncertainties

The Directors continue to identify and evaluate operational and other risks faced by the Group, implementing changes where necessary to reduce risk to manageable levels.

A summary of the key risks is provided below.

##### Credit Risk

The Group's principal financial assets are bank balances and cash, trade receivables and other receivables. The Group's credit risk is primarily related to trade receivables. The balances presented in the balance sheet are net of allowances for doubtful receivables. Group policies are aimed at minimising such losses and require credit assessment for new customers and continuous assessment of the credit worthiness of existing customers. Historically the Company has not experienced a significant level of bad debt.

Furthermore, customers are normally heavily reliant on the SaaS and services provided by the Group which can be readily cancelled for non-payment, in accordance with terms and conditions, further mitigating exposure to credit risk.

##### Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Group aims to mitigate liquidity risk by managing cash generation from its operations, collecting cash from trade debtors in line with agreed terms and carefully managing accounts payable.

The Board reviews the Group's liquidity at monthly meetings. The Group maintains flexibility by maintaining appropriate headroom in its cash position.

#### Going concern

In accordance with the Guidance on Going Concern and Liquidity Risk Guidance for UK Companies 2009, the Directors confirm that, after making enquiries, they have a reasonable expectation that the Company and the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements.

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

J A Slade  
Director



Date: 18 October 2018

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## ENSEK HOLDINGS LIMITED

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### DIRECTORS' REPORT FOR THE PERIOD ENDED 31 MARCH 2018

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The directors present their report and the financial statements for the period ended 31 March 2018.

#### Accounting period

The company was incorporated on 18 August 2017. On 3 October 2017 the company acquired 100% of the share capital of ENSEK Ltd. The consolidated results presented in these financial statements are for the period 3 October 2017 to 31 March 2018.

#### Principal activity

ENSEK Holdings Limited is a holding company for a group of companies that are a leading provider of innovative SaaS, Managed Service and Consultancy solutions to the Utilities and Energy industry, enabling customers to improve their business performance and competitiveness.

#### Results and dividends

The loss for the period, after taxation, amounted to £468,833.

#### Directors

The directors who served during the period were:

D Bains (appointed 3 October 2017)  
J C Green (appointed 3 October 2017)  
J L Kirk (appointed 3 October 2017)  
E P Minshull (appointed 3 October 2017)  
I Peters (appointed 3 October 2017)  
J A Slade (appointed 18 August 2017)  
A J Stevenson (appointed 3 October 2017)  
M Wright (appointed 3 October 2017)  
P E Bennett (appointed 15 January 2018)

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## ENSEK HOLDINGS LIMITED

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### DIRECTORS' REPORT (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2018

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#### Directors' responsibilities statement

The directors are responsible for preparing the Group strategic report, the Directors' report and the consolidated 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 period.

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 judgements 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 Group 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 the 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### Matters covered in the strategic report

Future developments are covered in the strategic report.

#### 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.

#### Post balance sheet events

There have been no significant events affecting the Group since the year end.



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**ENSEK HOLDINGS LIMITED**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE PERIOD ENDED 31 MARCH 2018**

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**Auditor**

Under section 487(2) of the Companies Act 2006, Grant Thornton UK LLP will be deemed to have been reappointed as auditor 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

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



J A Slade  
Director

Date: 18 October 2018

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## ENSEK HOLDINGS LIMITED

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### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ENSEK HOLDINGS LIMITED

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#### Opinion

We have audited the financial statements of Ensek Holdings Limited (the 'parent company') and its subsidiaries (the 'group') for the period ended 31 March 2018 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Balance Sheet, the Company Balance Sheet, the Consolidated and Company Statements of Changes in Equity 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 parent Company's affairs as at 31 March 2018 and of the Group's 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 Group and the parent 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.

#### Who we are reporting to

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.

#### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the parent Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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## ENSEK HOLDINGS LIMITED

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### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ENSEK HOLDINGS LIMITED (CONTINUED)

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#### Other information

The directors are responsible for the other information. The other information comprises the information included in the Strategic Report and Directors' Report, but does not include 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.

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.

#### Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Group 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 Group strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

#### Matter on which we are required to report under the Companies Act 2006

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

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

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

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**ENSEK HOLDINGS LIMITED**

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ENSEK HOLDINGS LIMITED (CONTINUED)**

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**Responsibilities of directors for the financial statements**


As explained more fully in the Directors' responsibilities statement on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, 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 parent 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 parent Company or to cease operations, or have no realistic alternative but to do so.

**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.

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.



Christopher Frostwick (Senior statutory auditor)

for and on behalf of

**Grant Thornton UK LLP**

Chartered Accountants

Senior Statutory Auditor

East Midlands

Date: 18 October 2018

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**ENSEK HOLDINGS LIMITED**

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**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE PERIOD ENDED 31 MARCH 2018**

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	Note	2018 £
Turnover	4	3,486,654
Cost of sales		(397,397)
<b>Gross profit</b>		<b>3,089,257</b>
Administrative expenses		(3,257,024)
<b>Operating loss</b>	5	<b>(167,767)</b>
Interest payable and expenses	9	(413,862)
<b>Loss before taxation</b>		<b>(581,629)</b>
Tax on loss	10	112,796
<b>Loss for the financial period</b>		<b>(468,833)</b>

There were no recognised gains and losses for 2018 other than those included in the consolidated statement of comprehensive income.

There was no other comprehensive income for 2018.

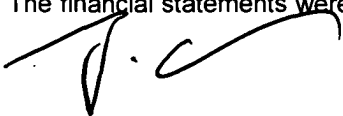
The notes on pages 17 to 37 form part of these financial statements.

**ENSEK HOLDINGS LIMITED**  
**REGISTERED NUMBER: 10923200**

**CONSOLIDATED BALANCE SHEET**  
**AS AT 31 MARCH 2018**

	Note	2018 £
<b>Fixed assets</b>		
Intangible assets	11	13,233,066
Tangible assets	12	283,219
		<u>13,516,285</u>
<b>Current assets</b>		
Debtors: amounts falling due within one year	14	2,065,791
Cash at bank and in hand	15	1,856,458
		<u>3,922,249</u>
Creditors: amounts falling due within one year	16	<u>(2,178,275)</u>
<b>Net current assets</b>		<u>1,743,974</u>
<b>Total assets less current liabilities</b>		<u>15,260,259</u>
Creditors: amounts falling due after more than one year	17	(10,437,697)
<b>Provisions for liabilities</b>		
Deferred taxation	21	(250,428)
		<u>(250,428)</u>
<b>Net assets</b>		<u><u>4,572,134</u></u>
<b>Capital and reserves</b>		
Called up share capital	22	24,862
Share premium account	23	5,016,105
Profit and loss account	23	(468,833)
		<u>4,572,134</u>

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



18 October 2018

**J A Slade**  
Director

The notes on pages 17 to 37 form part of these financial statements.


**ENSEK HOLDINGS LIMITED**  
**REGISTERED NUMBER: 10923200**

**COMPANY BALANCE SHEET**  
**AS AT 31 MARCH 2018**

	Note	2018 £
<b>Fixed assets</b>		
Investments	13	15,025,164
		<u>15,025,164</u>
<b>Current assets</b>		
Debtors: amounts falling due within one year	14	559,061
		<u>559,061</u>
Creditors: amounts falling due within one year	16	(589,311)
		<u>(30,250)</u>
<b>Net current liabilities</b>		<u>(30,250)</u>
<b>Total assets less current liabilities</b>		<u>14,994,914</u>
Creditors: amounts falling due after more than one year	17	(10,392,670)
		<u>4,602,244</u>
<b>Net assets</b>		<u><u>4,602,244</u></u>
<b>Capital and reserves</b>		
Called up share capital	22	24,862
Share premium account	23	5,016,105
Profit and loss account	23	(438,723)
		<u>4,602,244</u>

The company has taken advantage of 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 loss after tax of the parent company for the period was £438,723.

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

  
**J A Slade**  
 Director

18 October 2018

**ENSEK HOLDINGS LIMITED**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 31 MARCH 2018**

	Called up share capital £	Share premium account £	Profit and loss account £	Total equity £
<b>Comprehensive income for the period</b>				
Loss for the period	-	-	(468,833)	(468,833)
<b>Contributions by and distributions to owners</b>				
Shares issued during the period	24,862	5,016,105	-	5,040,967
<b>Total transactions with owners</b>	24,862	5,016,105	-	5,040,967
<b>At 31 March 2018</b>	24,862	5,016,105	(468,833)	4,572,134

The notes on pages 17 to 37 form part of these financial statements.



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**ENSEK HOLDINGS LIMITED**

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**COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 31 MARCH 2018**

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	Called up share capital £	Share premium account £	Profit and loss account £	Total equity £
<b>Comprehensive income for the period</b>				
Loss for the period	-	-	(438,723)	(438,723)
<b>Contributions by and distributions to owners</b>				
Shares issued during the period	24,862	5,016,105	-	5,040,967
<b>Total transactions with owners</b>	<u>24,862</u>	<u>5,016,105</u>	<u>-</u>	<u>5,040,967</u>
<b>At 31 March 2018</b>	<u>24,862</u>	<u>5,016,105</u>	<u>(438,723)</u>	<u>4,602,244</u>

The notes on pages 17 to 37 form part of these financial statements.

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**ENSEK HOLDINGS LIMITED**

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**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE PERIOD ENDED 31 MARCH 2018**

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	2018 £
<b>Cash flows from operating activities</b>	
Loss for the financial period	(468,833)
<b>Adjustments for:</b>	
Amortisation of intangible assets	943,418
Depreciation of tangible assets	64,555
Loss on disposal of tangible assets	6,376
Interest paid	413,862
Taxation charge	(112,796)
Increase in debtors	(276,345)
Increase in creditors	1,507,548
<b>Net cash generated from operating activities</b>	<u>2,077,785</u>
 <b>Cash flows from investing activities</b>	
Purchase of intangible fixed assets	(672,911)
Cash acquired on purchase of business	505,534
Purchase of tangible fixed assets	(44,059)
Sale of tangible fixed assets	3,863
Purchase of fixed asset investments	(15,025,164)
HP interest paid	(1,572)
<b>Net cash used in investing activities</b>	<u>(15,234,309)</u>

<b>ENSEK HOLDINGS LIMITED</b>
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**CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)**  
**FOR THE PERIOD ENDED 31 MARCH 2018**

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	2018 £
<b>Cash flows from financing activities</b>	
Issue of ordinary shares	5,040,967
Other new loans -	10,392,670
Repayment of finance leases	(8,365)
Interest paid	(412,290)
<b>Net cash generated from financing activities</b>	<u>15,012,982</u>
<b>Net increase in cash and cash equivalents</b>	<u>1,856,458</u>
<b>Cash and cash equivalents at the end of period</b>	<u><u>1,856,458</u></u>
<b>Cash and cash equivalents at the end of period comprise:</b>	
Cash at bank and in hand	1,856,458
	<u><u>1,856,458</u></u>

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## ENSEK HOLDINGS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2018

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#### 1. General information

ENSEK Holdings Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page. The company was incorporated on 18 August 2017. The financial statements represent the results for the first accounting period.

ENSEK Holdings Limited is a holding company for a group of companies that are a leading provider of innovative SaaS, Managed Service and Consultancy solutions to the Utilities and Energy industry, enabling customers to improve their business performance and competitiveness.

The energy sector is unique and complex, providing a distinctive set of challenges for any organisation wanting to become a participant. Data is at the heart of these challenges and ENSEK's unique combination of platform solutions, outsourced services and innovative industry consultants remove competitive barriers and allow our customers to stay ahead of technological and market change, deliver exceptional customer service, and gain critical visibility over revenue and margin.

#### 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 Group management to exercise judgement in applying the Group's accounting policies (see note 3).

The Company has taken advantage of 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 following principal accounting policies have been applied:

##### 2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated statement of income and retained earnings from the date on which control is obtained. They are deconsolidated from the date control ceases.

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**ENSEK HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MARCH 2018**

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**2. Accounting policies (continued)****2.3 Revenue**

The principal revenue streams are recurring revenue and non-recurring revenue.

Recurring revenue is software sales, managed services and software support. Software revenue is recognised at the point at which the software is activated. Managed services and software support revenue is recognised monthly on a straight line basis over the term of the contract.

Non-recurring revenue is made up of professional services. Revenue is recognised based on stage of completion.

**2.4 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 the Group's share 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 Consolidated statement of comprehensive income over its useful economic life.

Amortisation is charged based on the expected useful life of 10 years.

**2.5 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, on the following basis..

Depreciation is provided on the following basis:

Short leasehold land & buildings -	25% straight line
Motor vehicles -	25% reducing balance
Computer equipment -	33% straight line

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 the Consolidated statement of comprehensive income.

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## ENSEK HOLDINGS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2018

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## 2. Accounting policies (continued)

### 2.6 Impairment of fixed assets and goodwill

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

### 2.7 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

### 2.8 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.

### 2.9 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.

In the Consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

### 2.10 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.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Investments in non-convertible preference shares and in non-puttable ordinary and preference shares are measured:

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## ENSEK HOLDINGS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2018

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#### 2. Accounting policies (continued)

##### 2.10 Financial instruments (continued)

- at fair value with changes recognised in the Consolidated statement of comprehensive income if the shares are publicly traded or their fair value can otherwise be measured reliably;
- at cost less impairment for all other investments.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance sheet when there is an 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.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate. The company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

##### 2.11 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.

##### 2.12 Finance costs

Finance costs are charged to the Consolidated statement of comprehensive income 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.

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## ENSEK HOLDINGS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2018

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## 2. Accounting policies (continued)

### 2.13 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to the Consolidated 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.

The Group has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard (1 April 2016) to continue to be charged over the period to the first market rent review rather than the term of the lease.

### 2.14 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 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 the Consolidated statement of comprehensive income so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

### 2.15 Pensions

#### Defined contribution pension plan

The Group 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 Consolidated 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.

### 2.16 Borrowing costs

All borrowing costs are recognised in the Consolidated statement of comprehensive income in the period in which they are incurred.



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MARCH 2018

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**2. Accounting policies (continued)**

**2.17 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 Consolidated statement of comprehensive income in the year 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.

**2.18 Current and deferred taxation**

The tax expense for the period comprises current and deferred tax. Tax is recognised in the Consolidated 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 Company and the Group operate and generate 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;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

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.

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## ENSEK HOLDINGS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2018

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#### 2. Accounting policies (continued)

##### 2.19 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 of 3 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.

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

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. In the opinion of the directors the key judgement and source of estimation uncertainty relates to the calculation of goodwill on consolidation, and the estimation of the useful economic life of that goodwill.

#### 4. Turnover

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

	2018 £
Software	2,571,884
Managed services	914,770
	<u>3,486,654</u>

Analysis of turnover by country of destination:

	2018 £
United Kingdom	3,486,654
	<u>3,486,654</u>

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**ENSEK HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MARCH 2018**

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**5. Operating loss**

The operating loss is stated after charging:

	<b>2018</b>
	<b>£</b>
Depreciation of tangible fixed assets	<b>64,555</b>
Amortisation of intangible assets, including goodwill	<b>943,417</b>
Fees payable to the Group's auditor for the audit of the Company's annual financial statements	<b>17,000</b>
Operating lease rentals	<b>69,699</b>
Defined contribution pension cost	<b>36,090</b>

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**ENSEK HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MARCH 2018**

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**6. Auditor's remuneration**

	2018 £
Fees payable to the Group's auditor for the audit of the Group's annual financial statements	17,000

**Fees payable to the Group's auditor in respect of:**

	2018 £
Audit-related assurance services	17,000
Taxation compliance services	3,000
Other services relating to taxation	5,000
	<u>25,000</u>

**7. Employees**

Staff costs, including directors' remuneration, were as follows:

	Group 2018 £
Wages and salaries	1,566,895
Social security costs	164,952
Cost of defined contribution scheme	36,090
	<u>1,767,937</u>

The average monthly number of employees, including the directors, during the period was 71.

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**ENSEK HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MARCH 2018**

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**8. Directors' remuneration**

	2018 £
Directors' emoluments	284,395
	<u>284,395</u>

During the period retirement benefits were accruing to 6 directors in respect of defined contribution pension schemes.

The highest paid director received remuneration of £61,104.

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £3,065.

**9. Interest payable and similar charges**

	2018 £
Other loan interest payable	412,290
Finance leases and hire purchase contracts	1,572
	<u>413,862</u>

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**ENSEK HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MARCH 2018**

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**10. Taxation**

	2018 £
<b>Corporation tax</b>	
Current tax on loss for the year	(146,626)
	<u>(146,626)</u>
<b>Total current tax</b>	<u>(146,626)</u>
<b>Deferred tax</b>	
Origination and reversal of timing differences	33,830
<b>Total deferred tax</b>	<u>33,830</u>
<b>Taxation on loss on ordinary activities</b>	<u>(112,796)</u>

**Factors affecting tax charge for the period**

The tax assessed for the period is higher than the standard rate of corporation tax in the UK of 19%. The differences are explained below:

	2018 £
Loss on ordinary activities before tax	(581,629)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19%	(110,510)
<b>Effects of:</b>	
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	303,410
Capital allowances for period in excess of depreciation	2,464
Other permanent differences	(86,445)
Adjustment in research and development tax credit leading to a decrease in the tax charge	(220,409)
Other differences leading to a decrease in the tax charge	(2,708)
Deferred tax not recognised	1,402
<b>Total tax charge for the period</b>	<u>(112,796)</u>

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**ENSEK HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MARCH 2018**

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**10. Taxation (continued)****Factors that may affect future tax charges**

There were no factors that may affect future tax charges.

**11. Intangible assets****Group and Company**

	<b>Capitalised development costs £</b>	<b>Goodwill £</b>	<b>Total £</b>
<b>Cost</b>			
Additions - internal	672,911	-	672,911
On acquisition of subsidiary	1,812,710	12,586,071	14,398,781
At 31 March 2018	<u>2,485,621</u>	<u>12,586,071</u>	<u>15,071,692</u>
<b>Amortisation</b>			
Charge for the period	314,253	629,164	943,417
On acquisition of subsidiary	895,209	-	895,209
At 31 March 2018	<u>1,209,462</u>	<u>629,164</u>	<u>1,838,626</u>
<b>Net book value</b>			
At 31 March 2018	<u><u>1,276,159</u></u>	<u><u>11,956,907</u></u>	<u><u>13,233,066</u></u>

**ENSEK HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MARCH 2018**

**12. Tangible fixed assets**

**Group**

	Short-term leasehold property £	Motor vehicles £	Computer equipment £	Total £
<b>Cost or valuation</b>				
Additions	-	-	44,059	44,059
Acquisition of subsidiary	262,055	83,080	91,061	436,196
Disposals	-	-	(11,890)	(11,890)
At 31 March 2018	<u>262,055</u>	<u>83,080</u>	<u>123,230</u>	<u>468,365</u>
<b>Depreciation</b>				
Charge for the period on owned assets	45,610	-	4,072	49,682
Charge for the period on financed assets	-	14,873	-	14,873
Disposals	-	-	(1,651)	(1,651)
Acquisition of subsidiary	72,847	11,089	38,306	122,242
At 31 March 2018	<u>118,457</u>	<u>25,962</u>	<u>40,727</u>	<u>185,146</u>
<b>Net book value</b>				
At 31 March 2018	<u>143,598</u>	<u>57,118</u>	<u>82,503</u>	<u>283,219</u>

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

	2018 £
Motor vehicles	57,118
	<u>57,118</u>



**ENSEK HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MARCH 2018**

**13. Fixed asset investments**

**Subsidiary undertakings**

The following were subsidiary undertakings of the Company:

<b>Name</b>	<b>Class of shares</b>	<b>Holding</b>	<b>Principal activity</b>
ENSEK Ltd	Ordinary	100 %	IT software and consultancy services
Intelligen Limited	Ordinary	100 %	IT software and consultancy services

**Company**

	<b>Investments in subsidiary companies £</b>
<b>Cost</b>	
Additions	15,025,164
At 31 March 2018	<u>15,025,164</u>
 <b>Net book value</b>	
At 31 March 2018	<u><u>15,025,164</u></u>

**14. Debtors**

	<b>Group 2018 £</b>	<b>Company 2018 £</b>
Trade debtors	1,487,304	-
Amounts owed by group undertakings	-	553,741
Other debtors	294,563	-
Prepayments and accrued income	283,924	5,320
	<u><u>2,065,791</u></u>	<u><u>559,061</u></u>

**ENSEK HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MARCH 2018**

**15. Cash and cash equivalents**

	Group 2018 £	Company 2018 £
Cash at bank and in hand	1,856,458	-
	<u>1,856,458</u>	<u>-</u>

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

	Group 2018 £	Company 2018 £
Trade creditors	351,431	69,719
Corporation tax	1,564	-
Other taxation and social security	412,874	64,609
Obligations under finance lease and hire purchase contracts	10,879	-
Other creditors	9,360	1,578
Accruals and deferred income	1,392,167	453,405
	<u>2,178,275</u>	<u>589,311</u>

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

	Group 2018 £	Company 2018 £
Other loans	10,392,670	10,392,670
Net obligations under finance leases and hire purchase contracts	45,027	-
	<u>10,437,697</u>	<u>10,392,670</u>

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**ENSEK HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MARCH 2018**

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**18. Loans**

	<b>Group 2018 £</b>	<b>Company 2018 £</b>
<b>Amounts falling due 2-5 years</b>		
Other loans	10,392,670	10,392,670
	<u>10,392,670</u>	<u>10,392,670</u>

Interest on the loan notes (included as other loans within note 17 above) is payable quarterly at a rate of 8% per annum.

**19. Hire purchase and finance leases**

Minimum lease payments under hire purchase fall due as follows:

	<b>Group 2018 £</b>
Within one year	10,879
Between 1-5 years	45,027
	<u>55,906</u>

# ENSEK HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2018

### 20. Financial instruments

	Group 2018 £	Company 2018 £
<b>Financial assets</b>		
Financial assets that are debt instruments measured at amortised cost	3,638,325	553,741
	<u>3,638,325</u>	<u>553,741</u>
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	(12,201,534)	(10,917,372)
	<u>12,201,534</u>	<u>10,917,372</u>

Financial assets that are debt instruments measured at amortised cost comprise cash and cash equivalents, trade debtors, other debtors and group balances.

Financial liabilities measured at amortised cost comprise trade creditors, accruals and deferred income, other loans, net obligations under finance leases and hire purchase contracts and other creditors.

### 21. Deferred taxation

#### Group

	2018 £
Charged to profit or loss	(67,661)
Arising on business combinations	(182,767)
<b>At end of period</b>	<u><u>(250,428)</u></u>

	Group 2018 £
Accelerated capital and R&D allowances	(258,480)
Tax losses carried forward	1,364
Short term timing differences	6,688
	<u><u>(250,428)</u></u>

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**ENSEK HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MARCH 2018**

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**22. Share capital**

	2018 £
<b>Allotted, called up and fully paid</b>	
78,408 A1 shares of £0.10 each	7,841
8,712 A2 shares of £0.10 each	871
51,476 B1 shares of £0.10 each	5,148
1,921 B2 shares of £0.01 each	19
25,228 C1 shares of £0.10 each	2,523
8,086 C2 shares of £0.50 each	4,043
8,750 C3 shares of £0.50 each	4,375
172 C4 shares of £0.01 each	2
4,000 C5 shares of £0.01 each	40
	<hr/>
	<b>24,862</b> <hr/>

During the period, 78,408 Ordinary A1 shares of £0.10 each were issued. Consideration paid was £1 per share.

During the period, 8,712 Ordinary A2 shares of £0.10 each were issued. Consideration paid was £1 per share.

During the period, 51,476 Ordinary B1 shares of £0.10 each were issued. Consideration paid was £56.86 per share.

During the period, 1,921 Ordinary B2 shares of £0.01 each were issued. Consideration paid was £56.86 per share.

During the period, 25,228 Ordinary C1 shares of £0.10 each were issued. Consideration paid was £56.86 per share.

During the period, 8,086 Ordinary C2 shares of £0.50 each were issued. Consideration paid was £56.86 per share.

During the period, 8,750 Ordinary C3 shares of £0.50 each were issued. Consideration paid was £1 per share.

During the period, 712 Ordinary C4 shares of £0.01 each were issued. Consideration paid was £56.86 per share.

During the period, 4,000 Ordinary C5 shares of £0.01 each were issued. Consideration paid was £1 per share.

The rights relating to different classes of shares are set out in the company's Memorandum and Articles of Association, which are available from Companies House.

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**ENSEK HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MARCH 2018**

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**23. Reserves**

**Share premium account**

The share premium account includes any premiums received on issue of share capital.

**Profit and loss account**

The profit and loss account comprises all current and prior period retained profits and losses, less dividends declared and paid.

## ENSEK HOLDINGS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2018

#### 24. Business combinations

On 3 October 2017 the company acquired 100% of the share capital of ENSEK Ltd and its subsidiary company Inteligen Limited. The acquired businesses have contributed revenue of £3,486,655 to the group results for the year.

The acquisition had the following effect on the Group's assets and liabilities:

	Book value £	Fair value £
Tangible	313,954	313,954
Intangible	917,501	917,501
	<u>1,231,455</u>	<u>1,231,455</u>
Debtors	1,641,256	1,641,256
Cash at bank and in hand	505,534	505,534
	<u>3,378,245</u>	<u>3,378,245</u>
<b>Total assets</b>		
Due within one year	(722,554)	(722,554)
Deferred tax on differences between fair value and tax bases	(216,598)	(216,598)
	<u>2,439,093</u>	<u>2,439,093</u>
<b>Fair value of net assets</b>		
Goodwill	12,586,071	12,586,071
	<u>15,025,164</u>	<u>15,025,164</u>
<b>Total purchase consideration</b>		
Purchase consideration settled in cash, as above	15,025,164	15,025,164
Cash and cash equivalents in subsidiary acquired	(505,534)	(505,534)
	<u>14,519,630</u>	<u>14,519,630</u>
<b>Cash outflow on acquisition</b>		

Goodwill is amortised over 10 years. The rationale for this is the projected longevity of market demand for the company's products and services.

#### 25. Pension commitments

The Group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £36,090. Contributions totalling £2,500 were payable to the fund at the balance sheet date and are included in creditors.

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**ENSEK HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MARCH 2018**

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**26. Commitments under operating leases**

At 31 March 2018 the Group had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2018 £
Not later than 1 year	99,576
Later than 1 year and not later than 5 years	398,065
Later than 5 years	321,750
	<hr/> 819,391 <hr/>

**27. Related party transactions**

The Group has taken advantage of the exemption contained in FRS 102 and has therefore not disclosed transactions or balances with entities which form part of the group.

**28. Controlling party**

In the opinion of the directors, there is no ultimate controlling related party.