(REGISTERED NUMBER 11149304)

ENSCO 1278 LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

ENSCO 1278 LIMITED
COMPANY INFORMATION

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 Blagrave Street Reading Berkshire RG1 1PL

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FOR THE YEAR ENDED 31 DECEMBER 2022

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

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).

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

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)*.

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

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

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 it's 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.

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.

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. This description forms part of our auditor's report.

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 Blagrave 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		(13,511,515)	*(3,327,517)*
Gross profit		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	260	*219,152*
Operating loss	8	(20,521,715)	*(2,547,408)*
Interest receivable and similar income		16,795	*137*
Interest payable and similar charges	9	(4,543,968)	*(3,429,615)*
Loss before taxation		(25,048,888)	*(5,976,886)*
Tax on loss	10	53,986	*(506,094)*
Loss for the financial year		(24,994,902)	*(6,482,980)*

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

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

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)
Comprehensive income for the period					
Loss for the period	-	-	-	(6,482,980)	(6,482,980)
Total comprehensive expense for the year	-	-	-	(6,482,980)	(6,482,980)
Purchase of own shares	(11,801)	-	11,801	(11,801)	(11,801)
Issue of shares	1,000	99,006	-	-	100,006
Total share capital transactions for the year	95,741	-	22,000	(18,602,764)	(18,386,107)
Restatement	-	(99,006)	-	-	(99,006)
At 31 December 2021	95,741	-	22,000	(18,602,764)	(18,485,023)
Comprehensive income for the year					
Loss for the year	-	-	-	(24,994,902)	(24,994,902)
Total comprehensive expense for the year	-	-	-	(24,994,902)	(24,994,902)
Purchase of own shares	-	-	-	-	-
Issue of shares	-	-	-	-	-
Total share capital transactions for the year	-	-	-	-	-
At 31 December 2022	95,741	-	22,000	(43,597,666)	(43,479,925)

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
Comprehensive expense for the period					
Loss for the year	-	-	-	(25,145)	(25,145)
Total comprehensive expense for the year	-	-	-	(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
Total share capital transactions for the year	(10,801)	99,006	11,801	(11,801)	88,205
Restatement	-	(99,006)	-	-	(99,006)
At 31 December 2021	95,741	-	22,000	14,786	132,527
Comprehensive income for the year					
Loss for the year	-	-	-	(58,982)	(58,982)
Total comprehensive expense for the year	-	-	-	(58,982)	(58,982)
Purchase of own shares	-	-	-	-	-
Issue of shares	-	-	-	-	-
Total share capital transactions for the year	-	-	-	-	-
At 31 December 2022	95,741	-	22,000	(44,196)	73,545

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

	Notes	2022 £	*2021 £*
Net cash flows from operating activities	20	**1,674,150**	*4,890,932*
Taxation paid		**(334,302)**	*(624,801)*
Net cash generated from operating activities		**1,339,848**	*4,266,131*
Cash flows from investing activities			
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		**-**	*8,850*
Net cash (used in) investing activities		**(10,812,061)**	*(357,222)*
Cash flows from financing activities			
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		**(772,219)**	*(1,082,106)*
Net cash generated from/ (used in) financing activities		**8,062,487**	*(4,770,666)*
Net (decrease)/increase in cash and equivalents		(1,409,726)	*(861,757)*
Cash and cash equivalents at the beginning of the period		3,236,196	*4,097,953*
Cash and cash equivalents at end of period		1,826,470	*3,236,196*
Cash and cash equivalents comprise:			
Cash at bank and in hand		1,826,470	*3,236,196*

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
	3,236,196	(1,409,726)	-	-	**1,826,470**
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)**
	(39,833,522)	(12,185,277)	(3,104,662)	(2,015,770)	**(57,139,231)**
Total	*(36,597,326)*	(13,595,003)	(3,104,662)	(2,015,770)	**(55,312,761)**

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 it's 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

2.3 Going Concern (continued)

During the Financial year ending 31 December 2022 the Group refinanced it's senior debt facilities and received additional funds from it's 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.

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.

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).

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.

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.

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.

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	12,685,933	-
	27,133,056	13,623,758

5. Other operating income

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

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)	202,260	*70,084*
	8,201,247	*3,809,142*

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

	2022	*2021*
	£	*£*
Selling and distribution	44	*51*
Administration	103	*32*
	147	*83*

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	13,889	*4,610*
	551,287	*421,267*

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.

8. Operating loss

Operating loss is stated after charging:	2022 £	2021 £
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	134,902	7,349

9. Interest payable

	2022 £	2021 £
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	159,250	214,174
	4,543,968	3,429,615

10. Taxation

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

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	(25,001,737)	*(5,976,886)*
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	(155,262)	*(47,207)*
Total tax charge for the period	(53,986)	*506,094*

11. Fixed asset investments

	Investments in subsidiary companies £
Company	
Cost and net book value as at 1 January and 31 December 2022	1

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.

12. Intangible fixed assets

	Goodwill on consolidation	Other intangibles and goodwill	**Total**
	£	£	£
Group			
Cost			
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	**42,335,385**	**4,058,062**	**46,393,447**
Amortisation			
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	**35,792,631**	**2,720,983**	**38,513,613**
Net book values			
At 31 December 2022	**6,542,754**	**1,337,079**	**7,879,833**
At 31 December 2021	*11,953,234*	*1,774,997*	*13,728,231*

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.

13. Tangible fixed assets

Group	Long-term leasehold property £	Short-term leasehold property £	Plant and machinery £	Office equipment £	Fixtures and Fittings £	Motor Vehicles £	Other fixed assets £	Total £
Cost or valuation								
At 1 January 2022	388,101	142,544	2,709,086	516,406	24,416	269,617	85,912	4,136,082
Acquisition	52,530	-	-	-	101,220	-	-	153,750
Additions	112,750	-	890,726	216,833	36,372	-	74,924	1,331,605
Disposals	(43,933)	-	(697,677)	-	-	(40,140)	-	(781,750)
At 31 December 2022	509,448	142,544	2,902,135	733,239	162,008	229,477	160,836	4,839,687
Depreciation								
At 1 January 2022	264,630	46,004	1,561,204	219,641	7,948	108,809	7,035	2,215,271
Charge for the year – owned assets	64,487	28,528	-	123,671	35,212	-	23,222	275,120
Charge for the year – financed assets	-	-	516,226	-	-	56,706	-	572,932
Disposals	-	-	(606,708)	-	-	(40,140)	-	(646,848)
At 31 December 2022	329,117	74,532	1,470,722	343,312	43,160	125,375	30,257	2,416,475
Net book value								
At 31 December 2022	180,331	68,012	1,431,413	389,927	118,848	104,102	130,579	2,423,212
At 31 December 2021	123,471	96,540	1,147,882	296,765	16,468	160,808	78,877	1,920,811

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	41,200	*131,225*
	41,200	*131,225*

14. Stocks

	Group 2022 £	Company 2022 £	*Group 2021 £*	*Company 2021 £*
Finished goods and goods for resale	379,422	-	*342,569*	-

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	707,336	-	*377,480*	-
	9,322,434	1,855,558	*5,126,873*	*1,819,508*

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.

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	1,770,556	39,541	632,561	1,975
	48,659,763	929,042	4,970,967	925,379

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.

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	**2,553,179**	-	*1,611,991*	-
	16,416,536	**929,842**	*37,729,426*	*763,847*

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.

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	-	-	-	-
	37,943,750	-	*22,791,020*	-
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	-	-	-	-
	15,596,804	1,055,442	*14,208,931*	*795,301*

18. Financial instruments

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

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 £*
Interest income				
Total interest income for financial assets held at amortised cost	16,795	-	*137*	*-*
Interest expense				
Total interest expense for financial liabilities held at amortised cost	4,543,968	91,286	*3,429,615*	*75,622*

19. Deferred taxation

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

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	(13,620)	*(33,830)*
	234,997	*139,310*

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.

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	134,902	7,349
Net cash generated from operating activities	1,674,150	4,890,932

21. Share capital

	2022 £	2021 £
Allotted, issued and fully paid		
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	16,738	16,738
	95,741	95,741

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.

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, exerciseable immediately after grant
- 1,581,915 options exerciseable 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.

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	**151,667**	-	*221,667*	-
	601,667	-	*751,667*	-

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.

24.Acquistion (continued)

	Book and fair value £
Fixed assets	
Intangible assets	267,956
Tangible assets	153,750
Current assets	
Stocks	110,406
Debtors	4,366,957
Total assets	4,899,069
Creditors due within one year	(6,471,352)
Creditors due more than one year	(2,688,667)
Deferred tax	5,589
Net liabilities	(4,255,361)

Consideration	£
Loan notes	165,995
Cash consideration	8,546,245
Acquisition costs	1,157,873
	9,870,113
Less net liabilities acquired	(4,225,361)
Goodwill arising on acquisition	14,125,474

Cashflows

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	683,859
Net cash outflow	10,387,977

Profit and loss account	Period ended 31 May 2022 £
Turnover	3,479,523
Operating loss	(168,967)
Loss before taxation	(188,474)
Tax on loss	-
Loss for the period	(188,474)

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.