

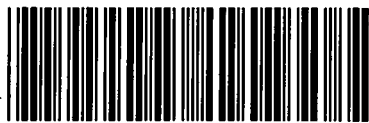
Ensco 1417 Limited

Registered number: 13447585

Directors' report and financial statements

For the period ended 30 June 2022

WEDNESDAY



ABZCQHM3

A06

15/03/2023

#238

COMPANIES HOUSE

ENSCO 1417 LIMITED

COMPANY INFORMATION

Directors	K Hilton (appointed 24 September 2021) L Litwinowicz (appointed 24 September 2021) T Middleton (appointed 24 September 2021) C Rowe (appointed 24 September 2021) Gateley Secretaries Limited (appointed 9 June 2021, resigned 24 September 2021) M Ward (appointed 9 June 2021, resigned 24 September 2021) Gateley Incorporations Limited (appointed 9 June 2021, resigned 24 September 2021)
Company secretary	K Hilton
Registered number	13447585
Registered office	5 The Courtyard Timothys Bridge Road Stratford-Upon-Avon CV37 9NP
Independent auditor	Mazars LLP Chartered Accountants & Statutory Auditor Two Chamberlain Square Birmingham B3 3AX

ENSCO 1417 LIMITED

CONTENTS

	Page
Group Strategic Report	1 - 2
Directors' Report	3 - 4
Independent Auditor's Report	5 - 8
Consolidated Statement of Comprehensive Income	9
Consolidated Balance Sheet	10
Company Balance Sheet	11
Consolidated Statement of Changes in Equity	12
Company Statement of Changes in Equity	12
Consolidated Statement of Cash Flows	13
Notes to the Financial Statements	14 - 32

ENSCO 1417 LIMITED

**GROUP STRATEGIC REPORT
FOR THE PERIOD ENDED 30 JUNE 2022**

The Directors present their Strategic Report for the period ended 30 June 2022.

The Company was incorporated on 9 June 2021.

The Company acquired STS Defence on 30 September 2021.

Principal activities

The principal activity of the Company is that of a holding company. The principal activities of the Group involve delivering innovative solutions and programmes; designing and assembling equipment and systems, and integrating and supporting capability through-life across the defence naval and air sectors. The Group operates within the United Kingdom and sells to geographical markets within and outside the UK.

Business review

The Group strategy is to consistently and profitably grow the Group by; focusing on developing long-term customer partnerships; fostering innovation and agility; and identifying and pursuing growth opportunities to deliver solutions in new and existing markets.

There were a number of notable contract awards and extensions in the year with both existing and new customers. In addition, the pipeline of opportunities has continued to grow which gives the Directors confidence the Group is well positioned to achieve significant progress in the next financial year and beyond.

In the Group's inaugural period, revenue was £17,357,524 and profit after tax was £2,414,539.

These results reflect a considerable investment in developing and strengthening our core capabilities and technology. We anticipate the payback from these investments to materialise in the near term.

The Directors believe the Group will continue to benefit from focusing on customer value and satisfaction by working in partnership with our customers to deliver high quality solutions that make a difference. There is high demand for the Group's technical expertise and ability to deliver mission critical programmes and projects efficiently and effectively.

The strength of the Group's order book and the number of long term framework agreements continues to provide clear visibility of future revenues and, together with a strong bidding pipeline, offers further significant opportunities for sustainable long term profitable growth.

GROUP STRATEGIC REPORT (CONTINUED)
FOR THE PERIOD ENDED 30 JUNE 2022

Principal risks and uncertainties

The Group keeps the principal risks and uncertainties that affect the Group under continuous review. Strong governance and effective risk management processes ensure mitigation measures are in place to minimise those identified risks.

The Group makes little use of financial instruments other than an operational bank account and, therefore, its exposure to price risk, credit risk, liquidity risk and cash flow risk is not material for the assessment of the assets, liabilities, financial position and profit or loss of the Group.

We deem the risks posed by COVID-19 have decreased following the success of the vaccine roll out programmes but the virus remains a risk which the Group continues to monitor. We continue to focus our efforts on promoting the health and wellbeing of our employees and their families by providing a COVID safe working environment.

The conflict in Ukraine together with the pandemic has contributed to uncertain macroeconomic conditions including inflationary pressures, supplier delivery times and labour shortages. The Group is a critical supplier of technology solutions and systems primarily to the UK defence sector and has no direct dealings with Russia or Ukraine. Whilst the Group is not immune to these macroeconomic conditions, to date the Group has not been seriously impacted but continues to closely monitor any ongoing impacts.


Financial key performance indicators

The Group uses a number of key performance indicators (KPI's) to monitor its progress against its objectives. In addition to on time delivery and quality standards, the key financial KPI's are:

	2022 £
Revenue	17,357,254
Gross profit %	34.6%
Underlying Operating Profit	3,258,890

Operating Profit comprises total operating profit adjusted to remove the impact of exceptional items and other operating income.

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


T Middleton (Mar 9, 2023 15:16 GMT)

T Middleton
Director

Date: 9 March 2023

ENSCO 1417 LIMITED

**DIRECTORS' REPORT
FOR THE PERIOD ENDED 30 JUNE 2022**

The directors present their report and the financial statements for the period ended 30 June 2022.

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 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 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.

Results and dividends

The profit for the period, after taxation, amounted to £2,414,539.

During the period dividends of £Nil were paid.

Directors

The directors who served during the period were:

K Hilton (appointed 24 September 2021)
L Litwinowicz (appointed 24 September 2021)
T Middleton (appointed 24 September 2021)
C Rowe (appointed 24 September 2021)
Gateley Secretaries Limited (appointed 9 June 2021, resigned 24 September 2021)
M Ward (appointed 9 June 2021, resigned 24 September 2021)
Gateley Incorporations Limited (appointed 9 June 2021, resigned 24 September 2021)

ENSCO 1417 LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE PERIOD ENDED 30 JUNE 2022**

Disclosure of information to auditor


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

- so far as the director is aware, there is no relevant audit information of which the Company 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, Mazars LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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


T Middleton (Mar 9, 2023 15:16 GMT)

T Middleton
Director

Date: 9 March 2023

ENSCO 1417 LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ENSCO 1417 LIMITED

Opinion

We have audited the financial statements of Ensco 1417 Limited (the 'Parent Company') and its subsidiary (the 'Group') for the period ended 30 June 2022 which comprise the Group Statement of Comprehensive Income, the Group and Company Balance Sheets, the Group 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 FRS 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 and Company's affairs as at 30 June 2022 and of the Group's profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the 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.

Conclusions relating to going concern

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.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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 other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ENSCO 1417 LIMITED

Other information (continued)

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of Directors

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

In preparing the financial statements, the directors are responsible for assessing the Group and 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 intend either to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ENSCO 1417 LIMITED

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.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

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.

Based on our understanding of the group and its industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: employment regulation, health and safety regulation, anti-money laundering regulation, non-compliance with implementation of government support schemes relating to COVID-19.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

Inquiring of management and, where appropriate, those charged with governance, as to whether the group is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;

- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the Group which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as tax legislation, pension legislation, the Companies Act 2006.

In addition, we evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of override of controls, and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to, revenue recognition (which we pinpointed to the cut-off assertion), and significant one-off or unusual transaction.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

ENSCO 1417 LIMITED

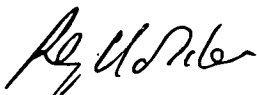
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ENSCO 1417 LIMITED

Auditor's responsibilities for the audit of the financial statements (continued)

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 the audit report

This report is made solely to the Group and 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 Group and 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 Group and the Company's members as a body for our audit work, for this report, or for the opinions we have formed.



Ian Holder (Senior statutory auditor)

for and on behalf of
Mazars LLP
Chartered Accountants and Statutory Auditor
Two Chamberlain Square
Birmingham
B3 3AX

13 March 2023

ENSCO 1417 LIMITED

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 JUNE 2022**

	Note	30 June 2022 £
Turnover	4	17,357,524
Cost of sales		(11,351,847)
Gross profit		6,005,677
Administrative expenses		(2,746,787)
Other operating income	5	4,681
Operating profit	6	3,263,571
Exceptional items	6	(383,864)
Total operating profit		2,879,707
Interest receivable and similar income	9	1,936
Profit before taxation		2,881,643
Tax on profit	10	(467,104)
Profit for the financial period		2,414,539

The notes on pages 14 to 32 form part of these financial statements.

ENSCO 1417 LIMITED
REGISTERED NUMBER: 13447585

CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2022

	Note	2022 £
Fixed assets		
Intangible assets	11	98,502
Tangible assets	12	556,257
		<u>654,759</u>
Current assets		
Stocks	14	1,490,367
Debtors: amounts falling due within one year	15	4,319,539
Cash at bank and in hand	16	3,565,808
		<u>9,375,714</u>
Creditors: amounts falling due within one year	17	(5,784,304)
Net current assets		<u>3,591,410</u>
Total assets less current liabilities		<u>4,246,169</u>
Provisions for liabilities		
Net assets		<u><u>4,246,169</u></u>
Capital and reserves		
Called up share capital	19	46,737
Merger reserve	20	1,784,893
Profit and loss account	20	2,414,539
		<u><u>4,246,169</u></u>

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

K Hilton

K Hilton (Mar 10, 2023 11:28 GMT)

K Hilton
Director

Date: 9 March 2023

The notes on pages 14 to 32 form part of these financial statements.

ENSCO 1417 LIMITED
REGISTERED NUMBER: 13447585

COMPANY BALANCE SHEET
AS AT 30 JUNE 2022

	Note	2022 £
Fixed assets		
Investments	13	7,458,104
		<u>7,458,104</u>
Total assets less current liabilities		<u>7,458,104</u>
Net assets		<u>7,458,104</u>
Capital and reserves		
Called up share capital	19	46,737
Merger reserve	20	7,411,367
		<u>7,458,104</u>

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

K Hilton

K Hilton (Mac-10, 2023 11:28 GMT)

K Hilton
Director

Date: 9 March 2023

ENSCO 1417 LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2022**

	Called up share capital £	Merger reserve £	Profit and loss account £	Equity attributable to owners of parent Company £	Total equity £
Comprehensive income for the period					
Profit for the period	-	-	2,414,539	2,414,539	2,414,539
Total comprehensive income for the period	-	-	2,414,539	2,414,539	2,414,539
Shares issued during the period	46,737	-	-	46,737	46,737
On acquisition of subsidiary	-	1,784,893	-	1,784,893	1,784,893
Total transactions with owners	46,737	1,784,893	-	1,831,630	1,831,630
At 30 June 2022	46,737	1,784,893	2,414,539	4,246,169	4,246,169

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2022**

	Called up share capital £	Merger reserve £	Total equity £
Total comprehensive income for the period	-	-	-
Shares issued during the period	46,737	-	46,737
On acquisition of subsidiary	-	7,411,367	7,411,367
Total transactions with owners	46,737	7,411,367	7,458,104
At 30 June 2022	46,737	7,411,367	7,458,104

The notes on pages 14 to 32 form part of these financial statements.

ENSCO 1417 LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 JUNE 2022**

	2022 £
Cash flows from operating activities	
Profit for the financial period	2,414,539
Adjustments for:	
Amortisation of intangible assets	19,218
Depreciation of tangible assets	140,073
Loss on disposal of tangible assets	(7,500)
Interest received	(1,936)
Taxation charge	467,104
(Increase)/decrease in stocks	(210,707)
(Increase)/decrease in debtors	(1,162,656)
Increase in creditors	2,340,575
Corporation tax (paid)/received	(671,461)
Net cash generated from operating activities	<u>3,327,249</u>
Cash flows from investing activities	
Purchase of tangible fixed assets	(197,372)
Sale of tangible fixed assets	7,500
Cash acquired on acquisition of subsidiary undertaking	426,495
Interest received	1,936
Net cash from investing activities	<u>238,559</u>
Net increase in cash and cash equivalents	<u>3,565,808</u>
Cash and cash equivalents at the end of period	<u>3,565,808</u>
Cash and cash equivalents at the end of period comprise:	
Cash at bank and in hand	3,565,808
	<u>3,565,808</u>

The notes on pages 14 to 32 form part of these financial statements.

ENSCO 1417 LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2022**

1. General information

Ensco 1417 Limited is a company limited by shares, incorporated in England and Wales. Its registered office is 5, The Courtyard, Timothy's Bridge Road, Stratford-upon-Avon, Warwickshire, CV37 9NP.

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 judgment 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 combination of Ensco 1417 Limited and STS Defence Limited is accounted for using merger accounting principles. 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2022**

2. Accounting policies (continued)

2.3 Going concern

The Directors have prepared a going concern assessment based on forecasts for a period up to June 2024, including realistic downside scenarios. They have considered the current risks and opportunities facing the Group and their potential impact on the cash flows expected to be generated. The directors have no reason to believe that a material uncertainty exists that may cast significant doubt on the ability of the Group to continue as a going concern or its ability to continue with current banking arrangements.

Covid-19 is not anticipated to have a material impact on the Group in 2023. Risk assessments are carried out on an on-going basis to protect employees against infection risk and to ensure stable services are provided to our customers. There are no known current consequences for the Group arising from the Covid-19 virus, but management continue to monitor the situation.

Following the invasion of Ukraine by Russian Forces, the Group has considered whether any adjustments are required to reported amounts in the financial statements. The Group does not trade with Ukraine or Russia and therefore is not directly affected by trading restrictions or sanctions, but could be affected in future by possible wider macroeconomic consequences should the situation develop further. This could include an increase in domestic inflation from supply chain disruption, commodity shortages or commodity price increases affecting cash flows, or changes in market discount rates and valuations. Management will continue to monitor and assess the situation as it develops.

In view of the above the directors believe that it is appropriate to prepare the financial statements on a going concern basis.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2022**

2. Accounting policies (continued)

2.4 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

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

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

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

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Consolidated Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

2.5 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:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Group has transferred the significant risks and rewards of ownership to the buyer;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2022**

2. Accounting policies (continued)

2.6 Operating leases: the Group as lessee

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

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

2.7 Research and development

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

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

2.8 Interest income

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

2.9 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 profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Group in independently administered funds.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2022**

2. Accounting policies (continued)

2.10 Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company 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.

2.11 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.

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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2022**

2. Accounting policies (continued)

2.12 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	- over the life of the lease
Plant and machinery	- 20% and 33% straight line
Fixtures and fittings	- 20% straight line
Other fixed assets	- Not depreciated

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

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

2.13 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted Group shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Consolidated Statement of Comprehensive Income for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

Investments in listed company shares are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in profit or loss for the period.

2.14 Stocks

Stock is valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Work in progress includes all direct costs, including material, labour and other expenses.

2.15 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2022**

2. Accounting policies (continued)

2.16 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.

2.17 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.

2.18 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 profit or loss 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.

2.19 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 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 in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2022**

2. Accounting policies (continued)

2.19 Financial instruments (continued)

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.

3. Judgments 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.

a. Critical judgements in applying the entity's accounting policies

The Directors believe that there are no critical accounting policies where judgements are necessarily applied in the financial statements.

b. Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Work in progress

Certain contracts span more than one accounting period and can have a duration of more than one year. The Group's accounting policies for these projects require revenue and costs to be allocated to individual accounting periods and the consequent recognition at period-end of accrued or deferred income for projects still in progress. Management apply judgement in estimating the total revenue and total costs expected on each project. Such estimates are revised as a project progresses to reflect the current status of the project and the latest information available to management.

ENSCO 1417 LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2022**

4. Turnover

The whole of the turnover is attributable to the principal activity of the Group.

Analysis of turnover by country of destination:

	30 June 2022 £
United Kingdom	16,796,276
Rest of Europe	445,492
Rest of the World	115,756
	<u>17,357,524</u>

5. Other operating income

	30 June 2022 £
Scrap sales	4,681
	<u>4,681</u>

6. Operating profit

The operating profit is stated after charging:

	30 June 2022 £
Amortisation of intangible assets	19,218
Depreciation of tangible assets	140,073
Other operating lease rentals	290,274
Exchange differences	(4,695)
Defined contribution pension cost	143,549
	<u>598,429</u>

Included within exceptional costs are restructuring costs of £176,299, abortive sale costs of £196,720 and other costs of £10,845.

ENSCO 1417 LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2022**

7. Auditor's remuneration

	30 June 2022 £
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	17,000
Fees payable to the Group's auditor and its associates in respect of:	
All other services	1,300

8. Employees

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

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Wages and salaries	4,496,059	-	-	-
Social security costs	463,289	-	-	-
Cost of defined contribution scheme	143,549	-	-	-
	<u>5,102,897</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

	30 June 2022 No.
Manufacturing and engineering	120
Sales and administration	31
	<u>151</u>

The Company has no employees other than the directors, who did not receive any remuneration.

ENSCO 1417 LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2022**

9. Interest receivable

	30 June 2022 £
Other interest receivable	1,936
	<u>1,936</u>

10. Taxation

	30 June 2022 £
Corporation tax	
Current tax on profits for the period	489,827
Total current tax	<u>489,827</u>
Deferred tax	
Origination and reversal of timing differences	(22,723)
Total deferred tax	<u>(22,723)</u>
Taxation on profit on ordinary activities	<u>467,104</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2022**

10. Taxation (continued)**Factors affecting tax charge for the period**

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

	30 June 2022 £
Profit on ordinary activities before tax	2,881,643
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19%	547,512
Effects of:	
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	69,628
Short-term timing difference leading to an increase (decrease) in taxation	59,914
Adjustment in research and development tax credit leading to an increase (decrease) in the tax charge	(209,950)
Total tax charge for the period	467,104

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

ENSCO 1417 LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2022**

11. Intangible assets**Group and Company**

	Goodwill £
Cost	
On acquisition of subsidiaries	117,720
At 30 June 2022	<u>117,720</u>
Amortisation	
Charge for the period on owned assets	19,218
At 30 June 2022	<u>19,218</u>
Net book value	
At 30 June 2022	<u><u>98,502</u></u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2022

12. Tangible fixed assets

Group

	Long-term leasehold property £	Plant and machinery £	Fixtures and fittings £	Assets under construc- tion £	Total £
Cost					
Additions	128,680	18,951	3,003	46,739	197,373
Acquisition of subsidiary	66,974	94,490	178,604	158,889	498,957
Transfers between classes	205,628	-	-	(205,628)	-
At 30 June 2022	401,282	113,441	181,607	-	696,330
Depreciation					
Charge for the period on owned assets	17,760	32,715	89,598	-	140,073
At 30 June 2022	17,760	32,715	89,598	-	140,073
Net book value					
At 30 June 2022	383,522	80,726	92,009	-	556,257

The net book value of land and buildings may be further analysed as follows:

	2022 £
Long leasehold	383,522

ENSCO 1417 LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2022**

13. Fixed asset investments**Company**

	Investments in subsidiary companies £
Cost	
Additions	7,458,104
At 30 June 2022	<u>7,458,104</u>

Subsidiary undertaking

The following was a subsidiary undertaking of the Company:

Name	Registered office	Class of shares	Holding
STS Defence Limited	5, The Courtyard, Timothy's Bridge Road, Stratford-upon-Avon, Warwickshire, CV37 9NP	Ordinary	100%

14. Stocks

	Group 2022 £
Raw materials and consumables	7,679
Work in progress	1,482,688
	<u>1,490,367</u>

The difference between purchase price or production cost of stocks and their replacement cost is not material.

ENSCO 1417 LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2022**

15. Debtors

	Group 2022 £
Trade debtors	3,776,337
Other debtors	55,538
Prepayments and accrued income	462,192
Deferred taxation	25,472
	<u>4,319,539</u>

16. Cash and cash equivalents

	Group 2022 £
Cash at bank and in hand	<u>3,565,808</u>

17. Creditors: Amounts falling due within one year

	Group 2022 £
Trade creditors	2,024,568
Corporation tax	231,227
Other taxation and social security	1,103,855
Other creditors	1,847,934
Accruals and deferred income	576,720
	<u>5,784,304</u>

ENSCO 1417 LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2022**

18. Deferred taxation**Group**

	2022 £
Charged to profit or loss	22,723
Arising on business combinations	2,749
At end of year	25,472
	Group 2022 £
Accelerated capital allowances	25,472
	25,472

19. Share capital

	2022 £
Allotted, called up and fully paid	
46,737,140 Ordinary shares of £0.001 each	46,737

During the period 46,737,140 ordinary shares were issued for a nominal value of £0.001.

20. Reserves**Merger Reserve**

This arose on 30 September 2021 when the Company acquired all the share capital of STS Defence Limited via a share for share exchanged.

Profit and loss account

This reserve represents cumulative retained profits and losses.

ENSCO 1417 LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2022**

21. Business combinations

On 30 September 2021 the Company acquired all the share capital of STS Defence Limited via a share for share exchange.

Recognised amounts of identifiable assets acquired and liabilities assumed

	Book value £	Fair value adjustments £	Fair value £
Fixed Assets			
Tangible	498,957	-	498,957
Intangible	117,720	-	117,720
	<u>616,677</u>	<u>-</u>	<u>616,677</u>
Current Assets			
Stocks	1,279,659	-	1,279,659
Debtors	3,138,319	-	3,138,319
Cash at bank and in hand	426,495	-	426,495
	<u>5,461,150</u>	<u>-</u>	<u>5,461,150</u>
Total Assets			
Creditors			
Due within one year	(3,632,269)	-	(3,632,269)
Deferred taxation	2,749	-	2,749
	<u>1,831,630</u>	<u>-</u>	<u>1,831,630</u>
Total Identifiable net assets			

Consideration

	£
Equity instruments	<u>1,831,630</u>

The transaction was executed on a share for share exchange and so there was no cash outflow on acquisition.

The results of STS Defence Limited since acquisition are as follows:

	Current period since acquisition £
Turnover	<u>20,676,403</u>
Profit for the period since acquisition	<u>2,646,379</u>

ENSCO 1417 LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2022**

22. Pension commitments

The Group operates a defined contributions 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 £143,549. Contributions totalling £40,575 were payable to the fund at the balance sheet date and are included in creditors.

23. Commitments under operating leases

At 30 June 2022 the Group had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group 2022 £
Land and buildings	
Not later than 1 year	364,000
Later than 1 year and not later than 5 years	1,323,203
	<u>1,687,203</u>
	Group 2022 £
Other	
Not later than 1 year	24,382
Later than 1 year and not later than 5 years	10,723
	<u>35,105</u>

The Company had no commitments under non-cancellable operating leases at the balance sheet date.

24. Post balance sheet events

On 22 November 2022 the ultimate parent company became Ensco 1448 Limited, a company registered in England & Wales

25. Controlling party

On 22 November 2022 the immediate and ultimate parent company became Ensco 1448 Limited, a company registered in England & Wales.

The directors do not consider there to be an ultimate controlling party.