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STRATEGIC REPORT, REPORT OF THE DIRECTORS AND

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

FOR

ENSEK LTD

ENSEK LTD

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for the year ended 31 March 2019

ENSEK LTD

COMPANY INFORMATION
for the year ended 31 March 2019

DIRECTORS:	A J Stevenson J A Slade P E Bennett J L Kirk M Wright
REGISTERED OFFICE:	Watercourt 116-118 Canal Street Nottingham NG1 7HF
REGISTERED NUMBER:	07167027 (England and Wales)
AUDITORS:	Grant Thornton UK LLP Chartered Accountants Senior Statutory Auditor Regent House 80 Regent Road Leicester LE1 7NH

The directors present their strategic report for the year ended 31 March 2019.

Principal Activities

ENSEK develops and implements a suite of software, advisory and managed service solutions to new entrants and established players operating in the residential, SME and I&C energy sectors. We focus on delivering cutting edge SaaS solutions to our customers facilitating agility and real time insight in a rapidly digitalising and data rich UK energy sector.

Modular solutions are offered to customers, these include:
- Market Entry: pre-accredited supply companies ready for Controlled Market Entry.
- Market Communications: highly automated, real-time market messaging platform across electricity and gas market flows and smart meters, supports DTC, IX and Smart DCC. Event-driven workflows for proactive task management.
- Managed Services: industry process management and exception handling including gain / loss, metering and settlements.
- Customer Management: in-life account management with customer online self-serve, mobile app and broker / partner portals. Multi-channel module to streamline customer communication.
- Billing: meter read validation, estimation, charging and invoicing from fixed products and single sites through to complex groups and flex products.
- Revenue Assurance: market-leading meter-level reconciliation of settled and billed volumes to identify revenue leakage including real-time cost and volume monitoring.
- Energy Accounting: unique customer-level cost and margin reporting to facilitate performance reporting and optimisation.
- Analytics: next generation real-time analytics platform with zero latency on production capacity. Advanced data science to analyse trends and better understand the customers.
- Smart: DCC adapter for smart meters enabling seamless and consistent data integration across the energy supply network.

The company supports a range of customers, from new entrants navigating the energy sector for the first time, to established mid-market suppliers which have achieved scale and 'Big 6' utility suppliers.

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

Summary

During FY19 ENSEK continued to deliver the strong trajectory of growth achieved in recent years as Annualised Recurring Revenue (ARR) increased strongly driven by new customer acquisitions and the expansion of existing customer relationships.

BUSINESS REVIEW

Following Lloyds Development Capital (LDC) investing in ENSEK in October 2017, a clear strategy was developed by the Board with the following objectives:

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

Significant progress has been achieved against each of these objectives during FY19.

1). Invest in the business to drive accelerated SaaS bookings and recurring revenue growth
As a next generation tech focused company our ambition is to grow both the value and proportion of recurring SaaS revenue by continuously advancing the reach and capability of our products, enabling our customers to win in a rapidly changing, digitalising energy sector.

During FY19 ENSEK continued to deliver strong recurring revenue and SaaS growth. ARR increased strongly driven by new customer bookings and supporting our customers to organically grow their meter volume. The proportion of recurring revenue increased from 81% to 90% during FY19.

As a business we have continued to invest heavily in the advancement of our SaaS solution and in bringing new innovative products to market, most notably our Smart DCC Adaptor and new Data Analytics platform. This investment will drive future revenue and ARR growth in the medium term.

2). Increase the proportion of revenue contributed by SaaS products
The proportion of SaaS recurring revenue continued to increase during FY19 as non-recurring professional services contributed a lower portion of revenue against a growing base of recurring SaaS customers.

SaaS revenue increased by 77% to £5.7m and the proportion of SaaS revenue grew to 66% from 52%. SaaS related ARR also increased by 63% to £8.4m and as a proportion of total ARR increased to 83% from 76%.

3). Invest in our operating platform and people to enable the business to scale effectively
To support growth of revenue and ARR during FY19 we continued to invest heavily in our people and operations ahead of future customer volume and revenue growth. Total headcount grew to 127 as we added high calibre employees to the team and refined operational processes to enable friction free future scaling. Operating expenses increased by £2.4m (56%) to £6.4m representing 76%of revenue.

4). Invest in the development of new products and features to deliver new capability and the continuing advancement and improvement of existing services.
Significant revenue growth has enabled the business to continue to invest heavily in the advancement of our SaaS solution and in bringing new innovative products to market. During FY19 ENSEK has brought two significant new product developments to market:

- DCC Smart Adaptor: allowing our customers to interact with the digital smart meter infrastructure, capture data and enable the introduction of innovative and differentiating pricing mechanisms.
- Data Analytics: next generation, market leading data analytics platform encompassing machine learning, artificial intelligence and propensity modelling to deliver real-time insight to our customers.

Following strong financial performance delivered during FY19 and continued investment in efficient, scalable operations, ENSEK is uniquely positioned to capitalise on its industry leading technology to deliver market disrupting solutions, enabling our customers to succeed in a rapidly changing sector.

Market

ENSEK's strong financial performance has been supported by market tailwinds as the UK energy sector continues to contend with the disruptive impact of increased competition, increased switching, a changing regulatory environment and rapid digitalisation.

We expect market forces to remain positive in the medium term underpinned by a strong and growing independent sector and increasingly accessible data, driven by the smart meter roll out. Strong analytics capability will enable suppliers to better understand their customer base and offer increasingly differentiated and tailored tariff structures.

Whilst there has been a marginal slow down of new suppliers entering the UK market in the last year, proposed changes to the Ofgem licensing process mean those entering are more likely to succeed with better funding in place and well considered market propositions. The increasingly dynamic and data rich retail energy sector continues to present significant opportunity for ENSEK to deliver continued strong growth.

PRINCIPAL RISKS AND UNCERTAINTIES

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

A summary of the key risks is provided below.

Credit Risk

The Group's principal financial assets are bank balances and cash, trade receivables and other receivables. The Group's credit risk is primarily related to trade receivables. The balances presented in the balance sheet are net of allowances for doubtful receivables. There have been several high-profile energy supplier failures in the last 12 months. Group policies are aimed at minimising any bad debt write offs by performing robust credit assessment of new customers and continuous assessment of the credit worthiness of existing customers.

Customers are normally heavily reliant on the SaaS and services provided by ENSEK as business critical software. which can be readily cancelled for non-payment, in accordance with terms and conditions, further mitigating exposure to credit risk.

Liquidity Risk

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

The Board reviews the Group's liquidity at monthly meetings. The Group also prepares weekly short-term cash flow forecasts and maintains flexibility by maintaining appropriate headroom in its cash position.

Going Concern

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

ON BEHALF OF THE BOARD:

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J A Slade - Director

Date: 23/10/2019

REPORT OF THE DIRECTORS
for the year ended 31 March 2019

The directors present their report with the financial statements of the company for the year ended 31 March 2019.

PRINCIPAL ACTIVITY
ENSEK Ltd is a leading provider of innovative SaaS, Managed Service and Consultancy solutions to the Utilities and Energy industry, enabling customers to improve their business performance and competitiveness.

DIVIDENDS
No dividends will be distributed for the year ended 31 March 2019 (2018: £nil).

DIRECTORS
The directors shown below have held office during the whole of the period from 1 April 2018 to the date of this report.

A J Stevenson
J A Slade
P E Bennett
J L Kirk
M Wright

RESULTS
The profit for the period, after taxation, amounted to £1,167,525 (2018 (restated): £1,643,529).

MATTERS COVERED IN THE STRATEGIC REPORT
Future developments are covered in the strategic report.

STATEMENT OF DIRECTORS' RESPONSIBILITIES
The directors are responsible for preparing the Strategic Report, the Report of the Directors 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS
So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS
The auditors, Grant Thornton UK LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

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J A Slade - Director

Date: 23/10/2019

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF ENSEK LTD

Opinion
We have audited the financial statements of Ensek Ltd (the 'company') for the year ended 31 March 2019 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:
- give a true and fair view of the state of the company's affairs as at 31 March 2019 and of its profit 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 Auditors' 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
We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:
- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information
The directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:
- the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Report of the Directors.

We have nothing to report in respect of the following matters where 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.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF ENSEK LTD

Responsibilities of directors
As explained more fully in the Statement of Directors' Responsibilities set out on page five, 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 necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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 a Report of the Auditors 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.

Grant Thornton UK LLP

Christopher Frostwick (Senior Statutory Auditor)
for and on behalf of Grant Thornton UK LLP
Chartered Accountants
Senior Statutory Auditor
Regent House
80 Regent Road
Leicester
LE1 7NH

Date: 23.10.19.

ENSEK LTD

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 March 2019

	Notes	2019 £	2018 as restated £
TURNOVER	4	**8,676,984**	6,161,229
Cost of sales		**(771,681)**	(710,310)
GROSS PROFIT		**7,905,303**	5,450,919
Exceptional costs		**(446,800)**	-
Administrative expenses		**(6,413,771)**	(4,032,088)
OPERATING PROFIT	6	**1,044,732**	1,418,831
Interest payable and similar expenses	9	**(1,866)**	(2,461)
PROFIT BEFORE TAXATION		**1,042,866**	1,416,370
Tax on profit	10	**124,659**	227,159
PROFIT FOR THE FINANCIAL YEAR		**1,167,525**	1,643,529

There were no recognised gains and losses for 2019 or 2018 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2019 (2018: £Nil).

ENSEK LTD (REGISTERED NUMBER: 07167027)

BALANCE SHEET
31 March 2019

	Notes	2019 £	2018 as restated £
FIXED ASSETS			
Intangible assets	12	**2,478,183**	1,478,933
Tangible assets	13	**302,989**	283,219
Investments	14	**100**	100
		2,781,272	1,762,252
CURRENT ASSETS			
Debtors	15	**2,437,759**	2,058,571
Cash at bank and in hand	16	**1,791,388**	1,853,443
		4,229,147	3,912,014
CREDITORS			
Amounts falling due within one year	17	**(1,689,628)**	(2,169,889)
NET CURRENT ASSETS		**2,539,519**	1,742,125
TOTAL ASSETS LESS CURRENT LIABILITIES		**5,320,791**	3,504,377
CREDITORS			
Amounts falling due after more than one year	18	**(32,368)**	(45,027)
PROVISIONS FOR LIABILITIES	20	**(911,976)**	(250,428)
NET ASSETS		**4,376,447**	3,208,922
CAPITAL AND RESERVES			
Called up share capital	21	**192**	192
Share premium	22	**1,044,765**	1,044,765
Retained earnings	22	**3,331,490**	2,163,965
		4,376,447	3,208,922

The financial statements were approved by the Board of Directors on 23rd October 2019 and were signed on its behalf by:

J A Slade - Director

The notes form part of these financial statements

ENSEK LTD

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 March 2019

	Called up share capital £	Retained earnings £	Share premium £	Total equity £
Balance at 1 April 2017	186	520,436	1,029,214	1,549,836
Changes in equity				
Issue of share capital	6	-	15,551	15,557
Total comprehensive income (as previously stated)	-	1,440,755	-	1,440,755
Balance at 31 March 2018 (as previously stated)	192	1,961,191	1,044,765	3,006,148
Prior year adjustment	-	202,774	-	202,774
At 31 March 2018 (as restated)	192	2,163,965	1,044,765	3,208,922
Changes in equity				
Total comprehensive income	-	1,167,525	-	1,167,525
Balance at 31 March 2019	192	3,331,490	1,044,765	4,376,447

The notes form part of these financial statements

1. STATUTORY INFORMATION

ENSEK Ltd is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

ENSEK Ltd is a leading provider of innovative SaaS, Managed Service and Consultancy solutions to the Utilities and Energy industry, enabling customers to improve their business performance and competitiveness.

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

2. ACCOUNTING POLICIES

Basis of preparing the financial statements
These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets.

The presentational currency of the financial statements is Sterling (£).

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed within the notes to the accounts (see note 3).

Financial Reporting Standard 102 - reduced disclosure exemptions
The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirement of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26, 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirement of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Ensek Holdings Limited as at 31 March 2019 and these financial statements may be obtained from Companies House.

Exemption from preparing consolidated financial statements
The company is a parent company that is also a subsidiary included in the consolidated financial statements of its immediate parent undertaking established under the law of an EEA state and is therefore exempt from the requirement to prepare consolidated financial statements under section 400 of the Companies Act 2006.

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

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

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

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2. **ACCOUNTING POLICIES - continued**

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:

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

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

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

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

Valuation of investments
Investments in subsidiaries are measured at cost less accumulated impairment.

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.

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.

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.

Operating leases: the company 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.

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

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2. **ACCOUNTING POLICIES - continued**

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

The contributions are recognised as an expense in 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 company in independently administered funds.

Provisions for liabilities
Provisions are made where an event has taken place that gives the company 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 year that the company 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.

Current and deferred taxation
The tax expense for the year 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 company operates and generates income.

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

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

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

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

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

The company has chosen to amend its accounting policy in respect of research and development and now capitalises 100% of subcontractor costs. This change of policy is believed to better reflect the requirements of FRS 102. This policy has been retrospectively applied as at 31 March 2018 and 31 March 2019 and prior year figures restated accordingly.

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3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The company 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

(i) Useful economic lives of tangible assets
The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets.

(ii) Impairment of debtors
The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience.

(iii) Provision for tax
The company makes an estimate of the corporation tax liability due to HM Revenue & Customs as at the balance sheet date. When assessing the liability, the directors evaluate all aspects which may be open to interpretation and take specialist advice where necessary.

(iv) Professional services work
The company makes an estimate of the stage of completion of professional services work to determine the recognition of revenue in respect of this work.

(v) Capitalisation of development costs
The company applies judgement to determine whether an R&D project has met the capitalisation criteria under FRS 102. Estimation is applied to determine how development costs are captured, and the stage of completion of work done.

(vi) Provision for claim
A provision of £446,800 has been made at March 2019 relating to a claim made against the business.

4. TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the company.

An analysis of turnover by class of business is given below:

	2019	2018 as restated
	£	£
Recurring SaaS	5,744,762	3,401,099
Recurring managed services	1,312,830	1,302,130
Professional services	1,619,392	1,458,000
	8,676,984	6,161,229

An analysis of turnover by geographical market is given below:

	2019	2018 as restated
	£	£
United Kingdom	8,676,984	6,161,229
	8,676,984	6,161,229

continued...

5. EMPLOYEES AND DIRECTORS

The average number of employees, including directors, during the year was 104 (2018 - 64).

Staff costs, including director's remuneration, were as follows:

	2019	2018
	£	£
Wages and salaries	**3,652,574**	2,394,171
Social security costs	**372,733**	253,677
Cost of defined benefit contribution scheme	**95,786**	50,581
	4,121,093	2,698,429

	2019	2018
	£	£
Director's emoluments etc	**-**	119,058
Pension contributions to defined contribution pension schemes	**-**	6,163
	-	125,221

During the period retirement benefits were accruing to NIL (2018: 2) directors in respect of defined contribution pension schemes.

The highest paid director received remuneration of £NIL (2018: £60,509).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £NIL (2018: £3,163).

There are no additional key management personnel.

6. OPERATING PROFIT

The operating profit is stated after charging:

	2019	2018 as restated
	£	£
Other operating leases	**114,752**	81,017
Depreciation - owned assets	**101,994**	104,422
Loss on disposal of fixed assets	**-**	6,376
Capitalised development costs amortisation	**1,068,026**	608,201
Foreign exchange differences	**6,937**	-

7. AUDITORS' REMUNERATION

	2019	2018
	£	£
Fees payable to the company's auditor for the audit of the company's annual financial statements	**15,500**	17,000
Fee's payable to the company's auditor in respect of:		
Taxation compliance services	**-**	3,000
Other services relating to taxation	**12,000**	5,000
Other non-assurance services	**5,000**	-
	17,000	8,000

continued...

8. EXCEPTIONAL ITEMS

	2019	2018 as restated
	£	£
Exceptional items	(446,800)	-

9. INTEREST PAYABLE AND SIMILAR EXPENSES

	2019	2018 as restated
	£	£
Hire purchase	1,866	2,461

10. TAXATION

Analysis of the tax credit
The tax credit on the profit for the year was as follows:

	2019	2018 as restated
	£	£
Current tax:		
UK corporation tax	(327,694)	(294,820)
Adjustments in respect of prior years	(11,713)	-
Total current tax	(339,407)	(294,820)
Deferred tax	214,748	67,661
Tax on profit	(124,659)	(227,159)

UK corporation tax has been charged at 19% (2018 - 19%).

Reconciliation of total tax credit included in profit and loss
The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	2019	2018 as restated
	£	£
Profit before tax	1,042,866	1,416,370
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2018 - 19%)	198,145	269,110
Effects of:		
Expenses not deductible for tax purposes	5,699	3,355
Depreciation in excess of capital allowances	41,334	2,464
Other permanent differences	-	(92,451)
Enhanced research and development expenditure	(441,422)	(367,039)
Other differences leading to a decrease in the tax charge	-	(4,271)
Group relief	-	1,564
Deferred tax not recognised expenditure	-	(1,364)
Research and development tax credit adjustment	101,698	(38,527)
Adjustments in respect of prior years	(11,713)	-
Change in tax rate	(18,400)	-
Total tax credit	(124,659)	(227,159)

continued...

11. PRIOR YEAR ADJUSTMENT

The company has chosen to amend its accounting policy in respect of research and development and now capitalises 100% of subcontractor costs. This change of policy is believed to better reflect the requirements of FRS 102. This policy has been retrospectively applied as at 31 March 2018 and 31 March 2019 and prior year figures restated accordingly.

In the prior year financial statements the intangible assets (ie. capitalised development costs) were understated by £202,774 as at 31 March 2018, and profit for the year ended 31 March 2018 was understated by £202,774.

12. INTANGIBLE FIXED ASSETS

	Capitalised development costs £
COST	
At 1 April 2018	2,721,181
Additions	2,067,276
At 31 March 2019	4,788,457
AMORTISATION	
At 1 April 2018	1,242,248
Amortisation for year	1,068,026
At 31 March 2019	2,310,274
NET BOOK VALUE	
At 31 March 2019	2,478,183
At 31 March 2018	1,478,933

Capitalised development costs relate to software development.

13. TANGIBLE FIXED ASSETS

	Short leasehold land & buildings £	Motor vehicles £	Computer equipment £	Totals £
COST				
At 1 April 2018	262,055	83,080	123,230	468,365
Additions	20,480	-	101,284	121,764
At 31 March 2019	282,535	83,080	224,514	590,129
DEPRECIATION				
At 1 April 2018	118,457	25,962	40,727	185,146
Charge for year	51,493	13,090	37,411	101,994
At 31 March 2019	169,950	39,052	78,138	287,140
NET BOOK VALUE				
At 31 March 2019	112,585	44,028	146,376	302,989
At 31 March 2018	143,598	57,118	82,503	283,219

continued...

13. TANGIBLE FIXED ASSETS - continued

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

	Motor vehicles £
COST	
At 1 April 2018	83,080
At 31 March 2019	83,080
DEPRECIATION	
At 1 April 2018	25,962
Charge for year	13,090
At 31 March 2019	39,052
NET BOOK VALUE	
At 31 March 2019	44,028
At 31 March 2018	57,118

14. FIXED ASSET INVESTMENTS

	Shares in group undertakings £
COST	
At 1 April 2018 and 31 March 2019	100
NET BOOK VALUE	
At 31 March 2019	100
At 31 March 2018	100

The company's investments at the Balance Sheet date in the share capital of companies include the following:

Inteligen Limited
Registered office: Watercourt, 116-118 Canal Street, Nottingham, England, NG1 7HF
Nature of business: IT consultancy services

Class of shares:	% holding
Ordinary	100.00

	2019 £	2018 £
Aggregate capital and reserves	31,843	31,999
(Loss)/profit for the year	(156)	14,856

continued...

15. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019	2018
	£	£
Trade debtors	**1,894,277**	1,485,504
Other debtors	**347,795**	294,463
Prepayments and accrued income	**195,687**	278,604
	2,437,759	2,058,571

Trade debtors are stated net of a provision for doubtful debts of £84,507 (2018: £35,000).

16. CASH AT BANK AND IN HAND

	2019	2018
	£	£
Cash at bank and in hand	**1,791,388**	1,853,443
	1,791,388	1,853,443

17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019	2018
	£	£
Hire purchase contracts (see note 19)	**11,769**	10,879
Trade creditors	**282,611**	281,712
Amounts owed to group undertakings	**193,291**	582,789
Social security and other taxes	**286,196**	347,965
Other creditors	**7,054**	7,782
Accruals and deferred income	**908,707**	938,762
	1,689,628	2,169,889

18. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2019	2018
	£	£
Hire purchase contracts (see note 19)	**32,368**	45,027

19. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

	Hire purchase contracts	
	2019	2018
	£	£
Net obligations repayable:		
Within one year	**11,769**	10,879
Between one and five years	**32,368**	45,027
	44,137	55,906

continued...

19. LEASING AGREEMENTS - continued

	Non-cancellable operating leases	
	2019	2018
	£	£
Within one year	**99,576**	99,576
Between one and five years	**397,488**	398,065
In more than five years	**231,000**	321,750
	728,064	819,391

20. PROVISIONS FOR LIABILITIES

	2019	2018 as restated
	£	£
Deferred tax	**465,176**	250,428
Other provisions	**446,800**	-
	911,976	250,428

	Deferred tax
	£
Balance at 1 April 2018	**250,428**
Charge to Statement of Comprehensive Income during year	**214,748**
Balance at 31 March 2019	**465,176**

At end of year

The provision for deferred taxation is made up as follows:

	2019	2018
	£	£
Accelerated capital and R&D allowances	**(468,078)**	(258,480)
Tax losses carried forward	**1,364**	1,364
Short term timing differences	**1,538**	6,688
	(465,176)	(250,428)

21. CALLED UP SHARE CAPITAL

	2019	2018
	£	£
Allotted, called up and fully paid		
11,160 A ordinary shares of £0.01 each	**112**	112
8,000 B ordinary shares of £0.01 each	**80**	80
	192	192

continued...

22. RESERVES

Share premium account

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

Retained earnings account

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

23. PENSION COMMITMENTS

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £95,786 (2018 - £50,581). Contributions totalling £20,519 (2018 - £2,500) were payable to the fund at the balance sheet date and are included in creditors.

24. RELATED PARTY DISCLOSURES

As a wholly owned subsidiary of ENSEK Holdings Limited, the company is exempt fom the requirements of FRS 102 Section 33 to disclose transactions with other members of the group headed by ENSEK Holdings Limited

25. ULTIMATE CONTROLLING PARTY

The Company's ultimate holding company and controlling party is ENSEK Holdings Limited, a company registered in England and Wales. ENSEK Holdings Limited prepares consolidated financial statements, of which ENSEK Ltd is a member, that are publicly available from Companies House.