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**ENSEK LTD**

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**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2018**

TUESDAY



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23/10/2018  
COMPANIES HOUSE

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ENSEK LTD

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COMPANY INFORMATION

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<b>Directors</b>	J L Kirk (appointed 3 October 2017) J A Slade A J Stevenson M Wright (appointed 3 October 2017) B S Shergill (resigned 3 October 2017) R F Turner (resigned 3 October 2017) P E Bennett (appointed 15 January 2018)
<b>Registered number</b>	07167027
<b>Registered office</b>	Watercourt 116-118 Canal Street Nottingham NG1 7HF
<b>Independent auditor</b>	Grant Thornton UK LLP Chartered Accountants & Senior Statutory Auditor Regent House 80 Regent Road Leicester LE1 7NH

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**ENSEK LTD**

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## ENSEK LTD

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### STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2018

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#### Introduction

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

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

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

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

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## ENSEK LTD

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

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#### Business review

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

In October 2017 Lloyds Development Capital (LDC) invested in the business through the Company's direct parent company ENSEK Holdings Limited. This has provided the business with growth capital to facilitate and accelerate development plans.

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

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

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

Revenue has grown by 138% to £6.2m in FY18 as customer acquisition during FY18 and H2 FY17 have been implemented. Product mix has shifted towards SaaS products, with SaaS contributing 55% of total revenue (FY17 47%). SaaS related revenue grew 178% between FY17 and FY18.

In addition, the revenue mix transitioned increasingly towards recurring revenue which contributed 76% of total revenue (FY17 55%).

#### Operational Review

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

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

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

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ENSEK LTD

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**STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2018**

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**Principal risks and uncertainties**

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

A summary of the key risks is provided below.

**Credit Risk**

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

Furthermore, customers are normally heavily reliant on the SaaS and services provided by the Company 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 Company 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 Company's liquidity at monthly meetings. The Company 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 has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements.

This report was approved by the board on 18 October 2018 and signed on its behalf.



**J A Slade**  
Director

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## ENSEK LTD

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

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

#### 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.

#### Results and dividends

The profit for the year, after taxation, amounted to £1,440,755 (2017 (restated) - £137,581).

#### Directors

The directors who served during the year were:

J L Kirk (appointed 3 October 2017)

J A Slade

A J Stevenson

M Wright (appointed 3 October 2017)

B S Shergill (resigned 3 October 2017)

R F Turner (resigned 3 October 2017)

P E Bennett (appointed 15 January 2018)

#### Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and 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 for the Company's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the 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 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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ENSEK LTD

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

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**Matters covered in the strategic report**

Future developments are covered in the strategic report.

**Disclosure of information to auditor**

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

- so far as the director is aware, there is no relevant audit information of which the Company'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's auditor is aware of that information.

**Post balance sheet events**

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

**Auditor**

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

This report was approved by the board on 18 October 2018 and signed on its behalf.



J A Slade  
Director





## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ENSEK LTD

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### Opinion

We have audited the financial statements of ENSEK LTD (the 'Company') for the year ended 31 March 2018, which comprise the Statement of Comprehensive Income, the Balance Sheet, the 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 2018 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 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 United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Who we are reporting to

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### Conclusions relating to going concern

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

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



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

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**Other information**

The directors are responsible for the other information. The other information comprises the information included in the Strategic Report and the Directors' Report, but does not include the financial statements and our Auditor's Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

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

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

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

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

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 Directors' Report.

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

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

- adequate accounting records have not been kept, 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.



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

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**Responsibilities of directors for the financial statements**

As explained more fully in the Directors' Responsibilities Statement set out on page 4, 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 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 an Auditor's Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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



Christopher Frostwick (Senior Statutory Auditor)

for and on behalf of  
**Grant Thornton UK LLP**

Chartered Accountants  
Senior Statutory Auditor

East Midlands

Date: 18 October 2019

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ENSEK LTD

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STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 MARCH 2018

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	Note	2018 £	As restated 2017 £
Turnover	3	6,161,229	2,585,501
Cost of sales		(710,310)	(452,583)
<b>Gross profit</b>		<b>5,450,919</b>	<b>2,132,918</b>
Administrative expenses		(4,234,862)	(2,090,302)
<b>Operating profit</b>	4	<b>1,216,057</b>	<b>42,616</b>
Interest payable and expenses	8	(2,461)	(2,604)
<b>Profit before tax</b>		<b>1,213,596</b>	<b>40,012</b>
Tax on profit	9	227,159	97,569
<b>Profit for the financial year</b>		<b>1,440,755</b>	<b>137,581</b>

There were no recognised gains and losses for 2018 or 2017 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2018 (2017: £NIL).

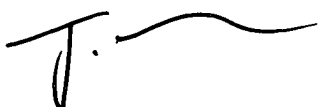
The notes on pages 13 to 27 form part of these financial statements.

**ENSEK LTD**  
**REGISTERED NUMBER:07167027**

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

	Note	2018 £	As restated 2017 £
<b>Fixed assets</b>			
Intangible assets	10	1,276,159	797,339
Tangible assets	11	283,219	329,637
Investments	12	100	100
		1,559,478	1,127,076
<b>Current assets</b>			
Debtors: amounts falling due within one year	13	2,058,571	908,838
Cash at bank and in hand	14	1,853,443	219,818
		3,912,014	1,128,656
Creditors: amounts falling due within one year	15	(2,169,889)	(467,223)
<b>Net current assets</b>		<b>1,742,125</b>	<b>661,433</b>
<b>Total assets less current liabilities</b>		<b>3,301,603</b>	<b>1,788,509</b>
Creditors: amounts falling due after more than one year	16	(45,027)	(55,906)
<b>Provisions for liabilities</b>			
Deferred tax	18	(250,428)	(182,767)
		(250,428)	(182,767)
<b>Net assets</b>		<b>3,006,148</b>	<b>1,549,836</b>
<b>Capital and reserves</b>			
Called up share capital	19	192	186
Share premium account	20	1,044,765	1,029,214
Profit and loss account	20	1,961,191	520,436
		3,006,148	1,549,836

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



18 October 2018

**J A Slade**  
Director

The notes on pages 13 to 27 form part of these financial statements.

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ENSEK LTD

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STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2018

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	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 April 2017 (as previously stated)	186	1,029,214	(92,465)	936,935
Prior year adjustment	-	-	612,901	612,901
At 1 April 2017 (as restated)	<u>186</u>	<u>1,029,214</u>	<u>520,436</u>	<u>1,549,836</u>
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	1,440,755	1,440,755
Shares issued during the year	6	15,551	-	15,557
<b>At 31 March 2018</b>	<u><u>192</u></u>	<u><u>1,044,765</u></u>	<u><u>1,961,191</u></u>	<u><u>3,006,148</u></u>

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ENSEK LTD

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STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2017

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	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 April 2016 (as previously stated)	186	1,029,214	(92,594)	936,806
Prior year adjustment	-	-	475,449	475,449
At 1 April 2016 (as restated)	<u>186</u>	<u>1,029,214</u>	<u>382,855</u>	<u>1,412,255</u>
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	137,581	137,581
<b>At 31 March 2017 (as restated)</b>	<u><u>186</u></u>	<u><u>1,029,214</u></u>	<u><u>520,436</u></u>	<u><u>1,549,836</u></u>

The notes on pages 13 to 27 form part of these financial statements.

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## ENSEK LTD

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

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#### 1. General 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

##### 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 Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The following principal accounting policies have been applied:

##### 2.2 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 the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements 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 to 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 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements 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 2018 and these financial statements may be obtained from Companies House.

##### 2.3 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.



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## ENSEK LTD

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

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#### 2. Accounting policies (continued)

##### 2.4 Revenue

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

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

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

##### 2.5 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, 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.

##### 2.6 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

##### 2.7 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

##### 2.8 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.

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ENSEK LTD

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

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**2. Accounting policies (continued)**

**2.9 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.

**2.10 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.

**2.11 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.

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

**2.12 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.

**2.13 Pensions**

**Defined contribution pension plan**

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.

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ENSEK LTD

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

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**2. Accounting policies (continued)**

**2.14 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.

**2.15 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.

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ENSEK LTD

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

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2. Accounting policies (continued)

2.16 Research and development

The company has chosen to amend its accounting policy in respect of research and development and now capitalises research and development when such costs meet the criteria outlined below. This change of policy is believed to provide a better view of underlying company performance. This policy has been retrospectively applied as at 31 March 2017 and 31 March 2016 and prior year figures restated accordingly.

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

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

3. Turnover

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

	2018 £	2017 £
Recurring SaaS	3,401,099	1,224,410
Recurring managed services	1,302,130	186,091
Professional services	1,458,000	1,175,000
	<u>6,161,229</u>	<u>2,585,501</u>

Analysis of turnover by country of destination:

	2018 £	2017 £
United Kingdom	6,161,229	2,585,501
	<u>6,161,229</u>	<u>2,585,501</u>

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**NOTES TO THE FINANCIAL STATEMENTS  
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**4. Operating profit**

The operating profit is stated after charging:

	2018	2017
	£	£
Depreciation of tangible fixed assets	104,422	44,975
Amortisation of intangible assets, including goodwill	575,415	-
Other operating lease rentals	81,017	66,849
Defined contribution pension cost	50,581	70,139
	1,811,435	1,882,942

**5. Auditor's remuneration**

	2018	2017
	£	£
Fees payable to the company's auditor for the audit of the company's annual financial statements	17,000	-
<b>Fees payable to the company's auditor in respect of:</b>		
Audit-related assurance services	17,000	-
Taxation compliance services	3,000	-
Other services relating to taxation	5,000	-
	25,000	-

**6. Employees**

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

	2018	2017
	£	£
Wages and salaries	2,394,171	1,498,825
Social security costs	253,677	176,353
Cost of defined contribution scheme	50,581	70,139
	2,698,429	1,745,317

The average monthly number of employees, including directors, during the year was 64 (2017 - 34).

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NOTES TO THE FINANCIAL STATEMENTS  
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7. Directors' remuneration

	2018 £	2017 £
Directors' emoluments	119,058	238,093
Company contributions to defined contribution pension schemes	6,163	-
	<u>125,221</u>	<u>238,093</u>

During the year retirement benefits were accruing to 2 directors (2017 - NIL) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £60,509 (2017 - £121,599).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £3,163 (2017 - £NIL).

There are no additional key management personnel.

8. Interest payable and similar charges

	2018 £	2017 £
Finance leases and hire purchase contracts	2,461	533
Other interest payable	-	2,071
	<u>2,461</u>	<u>2,604</u>

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**9. Taxation**

	<b>2018</b>	<i>As restated</i>
	£	2017 £
<b>Corporation tax</b>		
Current tax on profits for the year	(294,820)	(190,001)
<b>Total current tax</b>	<u>(294,820)</u>	<u>(190,001)</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	67,661	92,432
<b>Total deferred tax</b>	<u>67,661</u>	<u>92,432</u>
<b>Taxation on profit on ordinary activities</b>	<u>(227,159)</u>	<u>(97,569)</u>

**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2017 - lower than) the standard rate of corporation tax in the UK of 19% (2017 - 19.25%). The differences are explained below:

	<b>2018</b>	<i>As restated</i>
	£	2017 £
Profit on ordinary activities before tax	<u>1,213,596</u>	<u>40,012</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 19.25%)	230,583	7,702
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	3,355	-
Capital allowances for year in excess of depreciation	2,464	-
Other permanent differences	(92,451)	-
Adjustment in research and development tax credit leading to a decrease in the tax charge	(367,039)	-
Other differences leading to a decrease in the tax charge	(4,271)	(105,271)
Group relief	1,564	-
Deferred tax not recognised	(1,364)	-
<b>Total tax charge for the year</b>	<u>(227,159)</u>	<u>(97,569)</u>

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10. Intangible assets

	Capitalised development costs £
<b>Cost</b>	
Prior Year Adjustment	1,431,386
At 1 April 2017 (as restated)	1,431,386
Additions - internal	1,054,235
At 31 March 2018	2,485,621
<b>Amortisation</b>	
Prior Year Adjustment	634,047
At 1 April 2017 (as restated)	634,047
Charge for the year	575,415
At 31 March 2018	1,209,462
<b>Net book value</b>	
At 31 March 2018	1,276,159
At 31 March 2017 (as restated)	797,339

Capitalised development costs relate to software development. Prior to the current year, all such costs were expensed to the profit and loss in the year in which they were incurred.

The accounting policy has been reassessed, and as a result a prior year adjustment of £797,339 has been made to represent capitalised development costs at 31 March 2017.



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**11. Tangible fixed assets**

	Short leasehold land & buildings £	Motor vehicles £	Computer equipment £	Total £
<b>Cost</b>				
At 1 April 2017	262,055	83,080	66,877	412,012
Additions	-	-	68,243	68,243
Disposals	-	-	(11,890)	(11,890)
At 31 March 2018	<u>262,055</u>	<u>83,080</u>	<u>123,230</u>	<u>468,365</u>
<b>Depreciation</b>				
At 1 April 2017	52,943	6,923	22,509	82,375
Charge for the year on owned assets	65,514	-	19,869	85,383
Charge for the year on financed assets	-	19,039	-	19,039
Disposals	-	-	(1,651)	(1,651)
At 31 March 2018	<u>118,457</u>	<u>25,962</u>	<u>40,727</u>	<u>185,146</u>
<b>Net book value</b>				
At 31 March 2018	<u>143,598</u>	<u>57,118</u>	<u>82,503</u>	<u>283,219</u>
At 31 March 2017	<u>209,112</u>	<u>76,157</u>	<u>44,368</u>	<u>329,637</u>

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

	2018 £	2017 £
Motor vehicles	57,118	76,157
	<u>57,118</u>	<u>76,157</u>

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**NOTES TO THE FINANCIAL STATEMENTS  
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**12. Fixed asset investments**

	<b>Investments in subsidiary companies £</b>
<b>Cost</b>	
At 1 April 2017	100
At 31 March 2018	100
<b>Net book value</b>	
At 31 March 2018	100
At 31 March 2017	100

**Subsidiary undertakings**

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding	Principal activity
Intelligen Limited	Ordinary	100 %	IT consultancy services

**13. Debtors**

	<b>2018 £</b>	<b>2017 £</b>
Trade debtors	1,485,504	550,884
Other debtors	294,463	188,599
Prepayments and accrued income	278,604	169,355
	<b>2,058,571</b>	<b>908,838</b>

Trade debtors are stated net of a provision for doubtful debts of £35,000 (2017: £Nil).

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**14. Cash and cash equivalents**

	2018 £	2017 £
Cash at bank and in hand	1,853,443	219,818
	1,853,443	219,818

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

	2018 £	2017 £
Trade creditors	281,712	192,803
Amounts owed to group undertakings	582,789	100
Other taxation and social security	347,965	113,758
Obligations under finance lease and hire purchase contracts	10,879	11,770
Other creditors	7,782	10,960
Accruals and deferred income	938,762	137,832
	2,169,889	467,223

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

	2018 £	2017 £
Net obligations under finance leases and hire purchase contracts	45,027	55,906
	45,027	55,906

**17. Hire purchase and finance leases**

Minimum lease payments under hire purchase fall due as follows:

	2018 £	2017 £
Within one year	10,879	11,770
Between 1-2 years	11,527	10,879
Between 2-5 years	33,500	45,027
	55,906	67,676

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

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18. Deferred taxation

	2018 £
At beginning of year	(182,767)
Charged to profit or loss	(67,661)
<b>At end of year</b>	<b>(250,428)</b>

The provision for deferred taxation is made up as follows:

	2018 £	2017 £
Accelerated capital and R&D allowances	(258,480)	(182,767)
Tax losses carried forward	1,364	-
Short term timing differences	6,688	-
	<u>(250,428)</u>	<u>(182,767)</u>

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19. Share capital

	2018 £	2017 £
<b>Allotted, called up and fully paid</b>		
11,160 (2017 - 10,600) A ordinary shares shares of £0.01 each	112	106
8,000 B ordinary shares shares of £0.01 each	80	80
	<hr/>	<hr/>
	192	186
	<hr/> <hr/>	<hr/> <hr/>

During the year, 560 Ordinary £0.01 A shares were issued for a total consideration of £15,557.

20. Reserves

**Share premium account**

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

**Profit and loss account**

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

21. Pension commitments

The Company operates a defined contributions 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 £50,581 (2017 - £70,139). Contributions totalling £2,500 (2017 - £Nil) were payable to the fund at the balance sheet date and are included in creditors.

22. Commitments under operating leases

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

	2018 £	2017 £
Not later than 1 year	99,576	33,576
Later than 1 year and not later than 5 years	398,065	398,641
Later than 5 years	321,750	420,750
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	819,391	852,967
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2018**

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**23. Related party transactions**

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

**24. 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.