

REGISTRAR'S COPY

ENTATECH UK LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 28 FEBRUARY 2015

MONDAY



L4L9ZO4R

LD7

30/11/2015

#190

COMPANIES HOUSE

ENTATECH UK LIMITED

COMPANY INFORMATION

DIRECTORS Jonathan R Atherton (resigned 2 February 2015)
Ai-Chang Cheng (resigned 1 March 2015)
Graham D Stevinson (appointed 1 March 2015)
Colin Lee (appointed 1 November 2015)
Robert Davis (appointed 1 November 2015)

COMPANY SECRETARY Graham D Stevinson

REGISTERED NUMBER 03705228

REGISTERED OFFICE Stafford Park 6
Telford
TF3 3AT

INDEPENDENT AUDITORS Simmons Gainsford LLP
Chartered Accountants & Statutory Auditors
7-10 Chandos Street
London
W1G 9DQ

ENTATECH UK LIMITED

CONTENTS

	Page
Strategic report	1 - 3
Directors' report	4 - 5
Independent auditors' report	6 - 7
Profit and loss account	8
Statement of total recognised gains and losses	9
Balance sheet	10
Notes to the financial statements	11 - 20

ENTATECH UK LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 28 FEBRUARY 2015

INTRODUCTION

The director presents his report and financial statements for the year ended 28 February 2015.

Review of the business

Entatech UK Limited is a wholly owned subsidiary of Enta UK Limited. Its principal activity is that of distribution of computer hardware and software. Turnover for the year was £119.7m compared with £118.1m in the previous year. The operating loss for the year was £1.6m compared with a profit of £3.9m in the previous year. Included in this figure is a cost of £1.5m for foreign exchange, largely attributable to the poor performance of a structured forex product which finished during the current financial year. Loss before tax was £1.7m.

Operating environment

The past 12 months has seen significant investment in the company's product portfolio following the successful acquisition and launches of key brands in all sectors. These brands have also boosted Entatech's stature as a distributor of retail products, whilst also increasing the product offering of resellers through exclusive agreements with some of these brands.

We have had continued success with our larger vendors, increasing our offering from Fujitsu so that we are one of their top distributors in server and storage.

Whilst our operating market has become increasingly competitive, we have successfully managed to retain our key partners, and now provide exclusivity on certain major brands. Margins remain tight as the business continues to give customers the best possible choice and value.

Strategic priorities

Entatech UK Limited aims to provide a credible alternative to the big four major IT distributors in the domestic market. We continue to look at new opportunities to give our customers the best possible choice. We believe that our level of customer service is what sets us apart from our main competitors.

Our focus for the new financial year is on improving margins by growing our more profitable channels and brands, and rationalising the less profitable ones. This will be aided by our new ERP and BI systems, implemented in the first quarter of 2015/16.

In the past 12 months the business has grown its headcount with a view to expanding opportunities. In the coming year the focus will be on efficiency, and making each department fit for purpose in terms of both skills and staffing levels.

Changtel Solutions UK Limited

As disclosed in note 1.2 and note 20 of the financial statements, the company is in discussions with the Liquidator of Changtel Solutions UK Limited ("Changtel").

The Liquidator has made a claim in relation to the assets acquired from Changtel before its disposal. The directors have sought legal advice and are negotiating an early settlement of this claim, to remove any uncertainty.

The Liquidator has responded in writing stating that they are prepared to engage constructively in exploring a solution which is directed at preserving the business. The directors are in discussion with the Liquidator and have received an indication that a settlement can be reached.

ENTATECH UK LIMITED

STRATEGIC REPORT (continued) FOR THE YEAR ENDED 28 FEBRUARY 2015

FINANCIAL KEY PERFORMANCE INDICATORS

The key performance indicators of the company are turnover, gross profit margin, stock and debtor levels.

A brief analysis of these are shown below:

	2015	2014 (as restated)	Variance
	£	£	%
Turnover	119,717,650	118,154,819	+1.3
Operating (loss)/profit	(1,564,973)	3,915,066	-140.0
Stock turnover days	40 days	40 days	nil
Debtor days	43 days	50 days	-15

PRINCIPAL RISKS AND UNCERTAINTIES

Price risk

This is a fast moving industry therefore pricing is important to our business. Pricing is regularly monitored to ensure that the business is able to provide the best value to its customers.

Product risk

The success of the business is dependent upon being able to offer the best products to its customers. The business works with a significant number of suppliers who provide a wide range of excellent products. The business is continually reviewing its range for new complimentary products.

Liquidity risk

The business tightly manages its working capital, particularly stock and debtors to maintain liquidity to enable it to stay within its funding facilities.

The business prepares monthly profit and cash flow forecasts to anticipate its funding requirements.

Credit risk

All customers who wish to trade on credit terms are subject to third party credit verification procedures. Once agreed these include credit terms which are strongly enforced. The company uses credit insurance and typically 90% of amounts due are insured. Trade debtors are reviewed on a regular basis and provision is made for doubtful debts when necessary.

Foreign exchange risk

A significant proportion of the business' purchases are denominated in foreign currency and in particular US\$. The business attempts to reduce its exposure to fluctuations in currency movements by forecasting its future requirements and buying these using forward contracts.

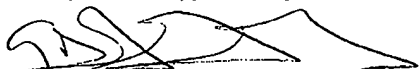
ENTATECH UK LIMITED

**STRATEGIC REPORT (continued)
FOR THE YEAR ENDED 28 FEBRUARY 2015**

Business risk

The business regularly reviews both financial and non-financial indicators to measure performance and where necessary corrective actions are put in place.

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



Graham D Stevinson
Director
Date: 30 November 2015

ENTATECH UK LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 28 FEBRUARY 2015

The directors present their report and the financial statements for the year ended 28 February 2015.

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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

PRINCIPAL ACTIVITIES

The principal activity of the company continued to be that of distribution of computer hardware and software, CCTV and server solutions.

DIRECTORS

The directors who served during the year were:

Jonathan R Atherton (resigned 2 February 2015)
Ai-Chang Cheng (resigned 1 March 2015)

Graham D Stevinson was appointed a director on 1 March 2015.
Colin Lee and Robert Davis were appointed directors on 1 November 2015.

DISCLOSURE OF INFORMATION TO AUDITORS

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

- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- that 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 auditors are aware of that information.

ENTATECH UK LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 28 FEBRUARY 2015**

AUDITORS

The auditors, Simmons Gainsford LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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



**Graham D Stevinson
Director**

Date: 30 November 2015

ENTATECH UK LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ENTATECH UK LIMITED

We have audited the financial statements of Entatech UK Limited for the year ended 28 February 2015, set out on pages 8 to 20. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 Auditors' 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.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As explained more fully in the Directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Strategic report and the Directors' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 28 February 2015 and of its loss 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.

EMPHASIS OF MATTER - UNCERTAIN OUTCOME OF A CLAIM MADE BY THE LIQUIDATOR OF CHANGTEL SOLUTIONS UK LIMITED ("CHANGTEL")

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in note 1.2 and note 20 to the financial statements in relation to the company's ability to continue as a going concern arising from the uncertain outcome of a claim made by the Liquidator of Changtel. The claim is in relation to the assets acquired by the company from Changtel after a winding up petition had been issued against Changtel. The Liquidator of Changtel has not commenced any proceedings against the company in respect of these matters.

The company has sought legal advice and on the basis of this advice will robustly defend any claim.

ENTATECH UK LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ENTATECH UK LIMITED

These conditions indicate the existence of an uncertainty which may cast doubt on the company's ability to continue as a going concern.

The company is, at present, negotiating an early settlement of the claim to remove this uncertainty.

The Liquidator has responded in writing stating that they are prepared to engage constructively in exploring a solution which is directed at preserving the business. The directors are confident that a settlement can be reached.

The financial statements do not include provisions for any liability or adjustments that would result if the company was unable to continue as a going concern.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion 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.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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.



Shilen Manek ACA FCCA (Senior statutory auditor)

for and on behalf of
Simmons Gainsford LLP

Chartered Accountants
Statutory Auditors

7-10 Chandos Street
London
W1G 9DQ

30 November 2015

ENTATECH UK LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 28 FEBRUARY 2015**

	Note	2015 £	As restated 2014 £
TURNOVER	1,2	119,717,650	118,154,819
Cost of sales		<u>(111,132,121)</u>	<u>(109,459,282)</u>
GROSS PROFIT		8,585,529	8,695,537
Distribution costs		(1,877,440)	(1,379,005)
Administrative expenses		(8,491,266)	(3,429,577)
Other operating income	3	<u>218,204</u>	<u>28,111</u>
OPERATING (LOSS)/PROFIT	4	(1,564,973)	3,915,066
EXCEPTIONAL ITEMS			
Net profit/(loss) on disposal of subsidiary	9	<u>-</u>	<u>(3,300,000)</u>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST		(1,564,973)	615,066
Interest payable and similar charges	8	<u>(178,208)</u>	<u>(125,235)</u>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(1,743,181)	489,831
Tax on (loss)/profit on ordinary activities	10	<u>-</u>	<u>(85,856)</u>
(LOSS)/PROFIT FOR THE FINANCIAL YEAR	16	<u><u>(1,743,181)</u></u>	<u><u>403,975</u></u>

All amounts relate to continuing operations.

The notes on pages 11 to 20 form part of these financial statements.

ENTATECH UK LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 28 FEBRUARY 2015

	Note	2015 £	As restated 2014 £
(LOSS)/PROFIT FOR THE FINANCIAL YEAR		(1,743,181)	403,975
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR		(1,743,181)	403,975
Prior year adjustment	17	(256,179)	
TOTAL GAINS AND LOSSES RECOGNISED SINCE LAST FINANCIAL STATEMENTS		(1,999,360)	

The notes on pages 11 to 20 form part of these financial statements.

ENTATECH UK LIMITED
REGISTERED NUMBER: 03705228

BALANCE SHEET
AS AT 28 FEBRUARY 2015

	Note	£	2015 £	As restated 2014 £
FIXED ASSETS				
Tangible assets	11		3,042,478	2,496,563
CURRENT ASSETS				
Stocks	12	12,191,079		11,885,782
Debtors	13	16,140,634		19,659,328
Cash at bank and in hand		23,830		-
		<u>28,355,543</u>		<u>31,545,110</u>
CREDITORS: amounts falling due within one year	14	<u>(27,751,795)</u>		<u>(28,652,266)</u>
NET CURRENT ASSETS			603,748	2,892,844
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>3,646,226</u>	<u>5,389,407</u>
CAPITAL AND RESERVES				
Called up share capital	15		3,900,100	3,900,100
Profit and loss account	16		(253,874)	1,489,307
SHAREHOLDERS' FUNDS	18		<u>3,646,226</u>	<u>5,389,407</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 30 November 2015.



Graham D Stevinson
Director

The notes on pages 11 to 20 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2015**

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

1.2 Going concern

As disclosed in the contingent liability note, note 20, the company has been responding to questions from the liquidator of Changtel Solutions UK Ltd ("Changtel").

There is uncertainty in relation to a claim by the Liquidator of Changtel. The company entered into a number of transactions with, and acquired assets from Changtel after a winding up petition had been issued against Changtel but prior to the winding up order being made. The Liquidator of Changtel disputes the validity of these transactions and the acquisition of these assets.

The Liquidator has not commenced proceedings against the company in respect of these matters. The directors have taken legal advice, and on the basis of this advice have indicated their intention to robustly defend any future legal action.

Nevertheless, the risk to the company is that if the Liquidator is successful in obtaining a court order to void the transactions, the company's assets would be significantly depleted. The directors believe that such an outcome, however remote, would give rise to a going concern issue.

It is the directors' view that any uncertainty is detrimental to the business, and they are currently negotiating an early settlement to remove any uncertainty.

The Liquidator has responded in writing stating that they are prepared to engage constructively in exploring a solution which is directed at preserving the business. On this basis and in light of the disclosures in note 20, the directors consider that it is appropriate to prepare these financial statements on a going concern basis.

1.3 Cash flow

The company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS 1.

1.4 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated).

1.5 Turnover

Turnover comprises sales of goods to customers and ancillary income and is stated net of VAT and trade discounts. Turnover is recognised when the significant risks and rewards of ownership have been transferred to the buyer.

ENTATECH UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2015

1. ACCOUNTING POLICIES (continued)

1.6 Tangible fixed assets and depreciation

Tangible fixed assets other than freehold land are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each assets over its expected useful life, as follows:

Land and buildings Freehold	-	Straight line over 20 years
Fixtures, fittings & equipment	-	20% straight line
Motor vehicles	-	20% straight line

1.7 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

1.8 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

1.9 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation

.Deferred tax is not provided on timing differences arising from the revaluation of fixed assets in the financial statements.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

ENTATECH UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2015**

1. ACCOUNTING POLICIES (continued)**1.10 Foreign currency translation**

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling on the date of the transaction. All differences are taken to profit and loss account.

The company uses derivative financial instruments, in particular forward currency contracts, to manage the financial risks associated with the business activities and the financing of those activities. The company does not undertake any trading activities in financial instruments.

Financial instruments are accounted for as follows:

Forward exchange contracts are used to hedge foreign exchange exposures arising on forecast payments in foreign currencies. At maturity or when the contract ceases to be a hedge, gains and losses are taken to the profit and loss account.

1.11 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

2. TURNOVER

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

	2015	2014
	£	£
UK	118,149,416	116,099,405
EC	1,522,016	955,114
non EC	46,218	1,100,300
	<u>119,717,650</u>	<u>118,154,819</u>

3. OTHER OPERATING INCOME

	2015	2014
	£	£
Net rents receivable	98,700	10,450
Insurance claims receivable	7,713	1,716
Sundry income	4,609	-
Fees receivable	107,182	15,945
	<u>218,204</u>	<u>28,111</u>

ENTATECH UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2015**

4. OPERATING (LOSS)/PROFIT

The operating (loss)/profit is stated after charging/(crediting):

	2015 £	2014 £
Depreciation of tangible fixed assets:		
- owned by the company	122,791	30,521
Difference on foreign exchange	1,519,127	673,739
	<u> </u>	<u> </u>

5. AUDITORS' REMUNERATION

	2015 £	2014 £
Fees payable to the company's auditor and its associates for the audit of the company's annual accounts	67,266	25,600
Fees payable to the company's auditor and its associates in respect of:		
Taxation compliance services	-	7,000
All other non-audit services not included above	-	7,611
	<u> </u>	<u> </u>

6. STAFF COSTS

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

	2015 £	2014 £
Wages and salaries	4,194,078	618,503
Social security costs	388,161	58,950
Other pension costs	43,268	-
	<u> </u>	<u> </u>
	4,625,507	677,453
	<u> </u>	<u> </u>

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

	2015 No.	2014 No.
Management and administration	42	35
Marketing and sales	61	61
Warehouse and production	48	45
	<u> </u>	<u> </u>
	151	141
	<u> </u>	<u> </u>

ENTATECH UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2015**

7. DIRECTORS' REMUNERATION

	2015	2014
	£	£
Remuneration	289,080	22,458

The highest paid director received remuneration of £289,080 (2014 - £22,458NIL).

8. INTEREST PAYABLE

	2015	2014
	£	£
On bank loans and overdrafts	88,492	2,208
On invoice financing	89,716	123,027
	<u>178,208</u>	<u>125,235</u>

9. LOSS ON DISPOSAL OF SUBSIDIARY

	2015	2014
	£	£
Loss on disposal of subsidiary	-	3,300,000

10. TAXATION

	2015	2014
	£	£
UK corporation tax charge on (loss)/profit for the year	-	85,856

ENTATECH UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2015

10. TAXATION (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2014 - lower than) the standard rate of corporation tax in the UK of 20% (2014 - 23%). The differences are explained below:

	2015 £	As restated 2014 £
(Loss)/profit on ordinary activities before tax	(1,743,181)	489,831
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2014 - 23%)	(348,636)	112,661
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	23,284	4,799
Capital allowances for year in excess of depreciation	(99,414)	3,442
Adjustment for the disposal of a subsidiary	-	759,000
Tax losses c/f	476,002	-
Other tax adjustments	(51,236)	19,037
Group relief	-	(813,083)
Current tax charge for the year (see note above)	-	85,856

Factors affecting tax charges

In the prior year the company claimed group relief of £3,535,143 from Changtel Solutions UK Limited

The company has estimated tax losses of £1,985,087 (2014: £nil) available for carry forward against future trading profits.

ENTATECH UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2015**

11. TANGIBLE FIXED ASSETS

	Freehold property £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
Cost				
At 1 March 2014	2,326,620	188,288	12,176	2,527,084
Additions	22,118	646,588	-	668,706
At 28 February 2015	<u>2,348,738</u>	<u>834,876</u>	<u>12,176</u>	<u>3,195,790</u>
Depreciation				
At 1 March 2014	17,327	10,548	2,646	30,521
Charge for the year	53,462	66,809	2,520	122,791
At 28 February 2015	<u>70,789</u>	<u>77,357</u>	<u>5,166</u>	<u>153,312</u>
Net book value				
At 28 February 2015	<u>2,277,949</u>	<u>757,519</u>	<u>7,010</u>	<u>3,042,478</u>
At 28 February 2014	<u>2,309,293</u>	<u>177,740</u>	<u>9,530</u>	<u>2,496,563</u>

12. STOCKS

	2015 £	2014 £
Finished goods and goods for resale	<u>12,191,079</u>	<u>11,885,782</u>

13. DEBTORS

	2015 £	2014 £
Trade debtors	14,095,318	16,289,138
Corporation tax	102,702	102,702
Other debtors	153,029	1,064,546
Prepayments and accrued income	1,789,585	2,202,942
	<u>16,140,634</u>	<u>19,659,328</u>

ENTATECH UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2015**

14. CREDITORS:
Amounts falling due within one year

	2015	As restated
	£	2014
		£
Bank loans and overdrafts	27,826	1,002,299
Other loans	-	1,400,000
Trade creditors	24,544,895	21,504,062
Amounts owed to group undertakings	2,326	2,326
Other taxation and social security	1,273,802	2,037,785
Other creditors	91,565	2,138
Accruals and deferred income	1,811,381	2,703,656
	<u>27,751,795</u>	<u>28,652,266</u>

The bank overdrafts are secured by fixed and floating charges over all assets of the company in favour of the lender, Royal Bank of Scotland Plc.

Included in trade creditors are borrowings of £8,938,257 (2014: £4,607,473) under Invoice Discounting Finance with a prepayment review level of £9,000,000 (2014: £9,000,000). This is secured by way of fixed and floating charges on all company assets.

15. SHARE CAPITAL

	2015	2014
	£	£
Allotted, called up and fully paid		
3,900,100 Ordinary shares of £1 each	<u>3,900,100</u>	<u>3,900,100</u>

16. RESERVES

	Profit and loss account
	£
At 1 March 2014 (as previously stated)	1,745,486
Prior year adjustment (note 17)	(256,179)
At 1 March 2014 (as restated)	<u>1,489,307</u>
Loss for the financial year	(1,743,181)
At 28 February 2015	<u>(253,874)</u>

ENTATECH UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2015**

17. PRIOR YEAR ADJUSTMENT

During the year the directors decided that previous adjustments which had not been reflected in the 2014 accounts should be made to ensure clarity in the financial information being presented. Correction of this has led to an increase in trade creditors of £256,179 and a corresponding decrease in shareholders funds as at 1 March 2014. In the prior year the comparatives have been restated to reflect the increase in both trade creditors and purchases of £256,179.

18. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2015 £	2014 £
Opening shareholders' funds	5,645,586	5,987,758
Prior year adjustments (note 17)	(256,179)	
	<hr/>	
Opening shareholders' funds (as restated)	5,389,407	
(Loss)/profit for the financial year	(1,743,181)	403,975
Dividends (Note 19)	-	(1,002,326)
	<hr/>	<hr/>
Closing shareholders' funds	<u>3,646,226</u>	<u>5,389,407</u>

19. DIVIDENDS

	2015 £	2014 £
Dividends paid on equity capital	-	1,002,326
	<hr/>	<hr/>

20. CONTINGENT LIABILITIES

As disclosed in note 1.2, the company is in correspondence with the Liquidator of Changtel Solutions UK Limited ("Changtel"). The Liquidator has made a claim against the company but has not commenced any proceedings against the company in respect of these matters. The directors have taken legal advice, and on the basis of this advice have indicated their intention to robustly defend any claim. The company is negotiating an early settlement of the claim. The Liquidator has responded in writing stating that they are prepared to engage constructively in exploring a solution which is directed at preserving the business.

The outcome of these negotiations is at this stage uncertain, however the directors are confident that a settlement can be reached.

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 £43,268 (2014 - £nil).

ENTATECH UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2015

22. RELATED PARTY TRANSACTIONS

In 2014 the company sold its wholly owned subsidiary, Changtel Solutions UK Limited (previously Enta Technologies Limited). At the balance sheet date, included in other creditors is an amount of £26,867 (2014: £1,003,799 in other debtors) due to (2014: owed by) Changtel Solutions UK Limited.

During the current and prior year, the company shared resources on a commercial basis with Entanet International Limited and Entamedia Limited. These companies are considered to be related parties. At the balance sheet date the following balances were owed by/(due to) these related parties:

	2015 Balance owed by/(to) at year end £	2014 Balance owed by/(to) at year end £
Entanet International Limited	(56,424)	42,826
Entamedia Limited	104,940	17,921
	-	-

During the year the company received rent of £62,700 (2014: £10,500) and management charges of £107,182 (2014: £15,944) from Entanet International Limited. Computer support costs payable to Entanet International Limited were £148,134 (£182,160) and computer support costs paid to Entanet International were £888 (2014: £nil).

During the year the company paid marketing costs of £251,383 (2014: £22,111) to Entamedia Limited.

Also during the year the company made sales of £248,044 and received rent of £36,000 (2014: £nil) from Changtel Solutions UK Limited. The company also made purchases of £127,010 from Changtel Solutions UK Limited. In the prior year Changtel Solutions UK Limited was a wholly owned subsidiary of the group. Therefore related party transactions with Changtel Solutions UK Limited are not disclosed for the prior year.

The company has taken advantage of the exemption available in FRS 8 "Related Party Disclosures" whereby it has not disclosed transactions with the ultimate parent company or any wholly owned subsidiary undertaking of the group.

23. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The immediate and ultimate controlling party is Enta UK Limited, a company incorporated in England.

The only group in which the results of the company are consolidated is that headed by Enta UK Limited. The consolidated accounts of Enta UK Limited are available for inspection at Stafford Park 6, Telford, TF3 3AT.

24. DERIVATIVES AND OTHER INSTRUMENTS

Part of the company's supplies are sourced overseas. These supplies are priced in US dollars. The company's policy is to eliminate the majority of the currency exposures on purchases through forward foreign currency contracts. At the balance sheet date, the commitments on outstanding foreign currency buy contracts were USD7,180,598 at a fixed price of £4,678,665. In the prior year the outstanding commitments were a minimum of USD7,000,000 per month which was negotiable with the banker.