

**ENABLES IT GROUP PLC**  
**ANNUAL REPORT AND AUDITED CONSOLIDATED**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**30 September 2013**



Company Registration No 03895363  
(England and Wales)

# **ENABLES IT GROUP PLC**

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Enables IT Group plc is a public limited company registered in England and Wales and listed on the Alternative Investment Market (AIM) of the London Stock Exchange

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# **ENABLES IT GROUP PLC**

## **OFFICERS AND PROFESSIONAL ADVISERS**

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<b>Directors</b>	M Johnson (Non-executive Chairman) M Walliss (Chief Executive Officer) M Bradburn (Chief Information Officer) M Elliott (Chief Financial Officer) M Yeoman (Non-executive)
<b>Secretary</b>	M L Newbould
<b>Company number</b>	03895363 (England and Wales)
<b>Registered office</b>	Unit 5, Mole Business Park Randalls Road Leatherhead Surrey KT22 7BA
<b>Auditors</b>	haysmacintyre 26 Red Lion Square London WC1R 4AG
<b>Bankers</b>	Barclays Bank plc PO Box 166 Heathrow Airport Hounslow Middlesex TW6 2RA
<b>Solicitors</b>	Brown Rudnick LLP 8 Clifford Street London W1S 2LQ
<b>Nominated adviser</b>	Cenkos Securities plc 6 7 8 Tokenhouse Yard London EC2R 7AS
<b>Broker</b>	Cenkos Securities plc 6 7 8 Tokenhouse Yard London EC2R 7AS
<b>Financial PR</b>	Redleaf Polhill Limited First Floor, No 4 London Wall Buildings Blomfield Street London EC2M 5NT

## **ENABLES IT GROUP PLC**

### **NON-EXECUTIVE CHAIRMAN'S STATEMENT**

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Dear Shareholder,

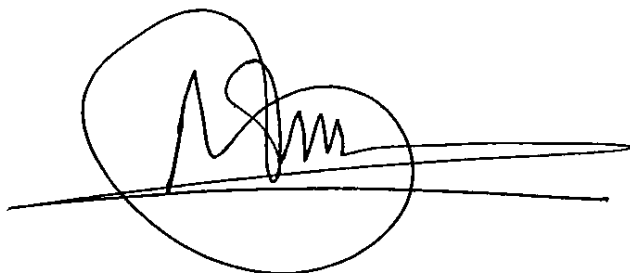
Since joining the Enables IT Board in July 2013 I am pleased with the progress that the Group has made. Our first objective was to address a number of fairly deep rooted problems that we inherited, a number of legacy issues which required remediation and this has now been completed as planned. Going forward, given our plans to build our business both organically and by acquisition, it was clear that we needed to assemble a strong leadership team across the Sales, Operations and Finance silos. We feel confident that the new teams heading up each of these departments have quickly gained traction and are already achieving good results in line with the strategic objectives.

From an acquisition perspective, our plan is to both build our existing service offering across new geographies and, where possible, to identify targets who we believe have IP that we can use to provide smart solutions for our clients here and in the US. Organically, the growth of the business remains dependent upon our ability to attract customers to our data centers and Cloud services. For this reason we remain committed to a continual programme of M&A and investment in these areas. It remains strategically important, both in the UK and the US, for the service side of our business to consult and successfully execute on project delivery. We aim to have our customers use both our data centers and our managed support services which attract contracted recurring revenues - our goal is to increase our recurring revenue as a percentage of total.

Although a direct comparison is difficult given the reverse take-over in 2013, we are very pleased to report year on year organic growth in line with group expectations and our contractual recurring revenue is up from 50% to 57%. Additionally, the figures are in line with market expectations.

The Group's financial position remains strong with adequate cash funds for current business operation and our immediate strategic plans. The Board was very pleased with the continued realisation of the Group's stated strategy which resulted in strong shareholder support and through the year of 2013 a successful £3.5m (gross) fund raise. We are pleased to welcome our new investors ahead of what represents an exciting phase of the Group's development.

I would like to take the opportunity to thank the Management team for their efforts and commitment during my first year in office and I look forward to working with the team to successfully build Enables IT over the coming months and years.

A handwritten signature in black ink, consisting of a large, stylized 'M' followed by a series of loops and a long horizontal stroke extending to the right.

**Miles Johnson**  
Non-Executive Chairman  
Enables IT Group plc  
31<sup>st</sup> January 2014

# **ENABLES IT GROUP PLC**

## **CHIEF EXECUTIVE OFFICER'S STATEMENT**

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### **Year in Review**

This past year saw the formation of Enables IT Group plc through the successful reverse takeover of Nexus Management plc

The ultimate strategy of the Group is to be able to offer cloud computing, managed and professional services in the UK and USA to blue chip clients in sectors such as Health, Professional Services and Education. We continue to build the business around this strategy, with HAVEN (High Availability Virtual Enterprise Network), our Virtual Private Cloud platform, at its centre

During the course of the financial year ended 30 September 2013 we saw a strong level of interest in our services. Like for like sales growth was up as expected and recurring revenue represented 57% of Group revenue. Our first acquisition has been fully integrated, and we made further internal investment in both our US and UK data centers. As a result, our cloud computing offering has been strengthened and we are progressing well in the delivery of our long term strategy

Post completion of the reverse takeover, the Board successfully implemented a number of changes to both US and UK operations. I am pleased to report that there has been good progress across all areas. A number of changes were instigated to resolve the inherited structure of Nexus, not least planning the expected exit of a large customer that had represented almost half of its revenue. Whilst this was well understood prior to the reverse takeover, the impact inevitably meant significant changes to the global operation were required. This was completed as planned and has ensured the foundations of the business are correctly aligned for continued growth of our target 15-20% per annum

A key unique selling point of Enables IT is the ability to offer a global, dedicated 24/7 technical helpdesk. The strengthening of our service capabilities was a priority in 2013 and I am pleased to report that following the successful acquisition of The Support Force Group in July 2013 and through the integration of their operations in Cape Town, SA, we have been able to do so successfully

Additionally, we were able to settle an outstanding convertible loan note in advance of the expiry date in 2015. This was inherited through the reverse takeover and its early repayment has generated savings in the Group's interest charge

### **Strategy and Outlook**

The Group continues to successfully execute on its focused growth strategy, providing high quality cloud, managed and professional services to its customers. Customer demand for Enables IT services remains strong with a growing sales pipeline reflecting the continuing market shift towards cloud based solutions and the need to create flexible and cost effective workforce solutions

The acquisition of Know Technology, LLC for US\$15 million was completed in December 2013 alongside the successful placing which raised gross proceeds of approximately £2.5 million. I am pleased to report that the early signs are positive and that we believe the combined management team is well-equipped to move forward in the coming months. The acquisition has enabled the Group to meet a number of strategic objectives: our customer base, particularly in the US market, has been strengthened, the model with recurring revenue in cloud and managed services has been improved, and cost synergies have been successfully generated. In addition, we are now able to benefit from healthy upselling opportunities

## **ENABLES IT GROUP PLC**

### **CHIEF EXECUTIVE OFFICER'S STATEMENT**

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#### **Strategy and Outlook (continued)**

We continue to invest for growth in our data center platform, HAVEN, improving and reinforcing our robust secure cloud infrastructure within both US and UK data centers. Our proprietary platform ensures we are able to offer IaaS (Infrastructure as a Service) and SaaS (Software as a Service) fully replicated between our data centers, thus giving our customers full Disaster Recovery and Business Continuity options around the globe.

Our ongoing investment in our cloud platform will see the launch of our 'Enables Office' in both US and UK data centres. Enables IT will therefore be able to meet customer demand for complete, enterprise grade email and messaging services, with further options to have Microsoft Office suite products made available via a self-service billing engine. Rather than outsource to third parties and jeopardise the quality, the Board has decided to utilise the Group's in-house expertise to build and expand these services. Whilst this will ensure a better, more reliable and timely delivery, some of the costs incurred in developing the cloud platform will be treated as a cost to the Group, and will impact our overall results for the immediate future, but strengthen our financial objectives during 2015 and beyond.

Our business model remains sound with recurring revenue now representing 57% of group revenue, well above the Board's target of 50%. Management remains confident that the desired split of recurring, project and product revenues of 50%, 30% and 20% respectively remains achievable.

With ongoing investment in strengthening our global brand and the significant planned increase in sales consultants, the Board is confident that the Group's growth objectives will continue to be met in the full year to 30 September 2014.

We ended the year in an encouraging position and look forward to yet another 12 months of sustainable growth with similar growth expectations as the year ended 30 September 2013.



**Michael Walliss**  
Chief Executive Officer  
Enables IT Group plc  
31<sup>st</sup> January 2014

Enables IT Group plc is a leading provider of cloud computing, managed and professional services in the UK and North America. From on premise private cloud networks, our IAAS/SAAS platform HAVEN within both our US and UK Data centres, to backend core network and wireless solutions, Enables IT specialises in the delivery and management of mission-critical services, enabling customers to reduce the costs, complexity and risks associated with their IT infrastructure.

# **ENABLES IT GROUP PLC**

## **BOARD PROFILES**

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### **Mike Walliss (Age 49) Chief Executive Officer**

Michael has extensive background knowledge running IT Network Infrastructure and IT Support Services. Working with a variety of leading organisations, Michael has successfully built and operated a number of businesses within the IT sector for over 20 years. Since 1996 he has led Enables IT as Managing Director and has developed and sold a number of successful companies that originated from the company. His development of key accounts, in particular in the private healthcare environment, has delivered substantial growth at Enables IT.

Michael's aspirations are to continue his successes within the IT industry and develop Enables IT as a global company delivering IT Managed Services that will build shareholder value.

### **Miles Johnson (Age 50) Non-Executive Chairman**

Miles has 25 years experience in the Service industry having sat on the boards of, a number of businesses including Zero Octa UK Limited, a revenue recovery business serving the global airlines and employing 800 people in Mumbai and being the founder of The Presentation Company Limited which would later become Wheel Limited where in 2000 the business was one of the largest web design agencies in the UK, employing 275 people and turning over c£20m at point of sale.

### **Martin Bradburn (Age 44) Director**

Martin has worked within the IT services industry for over 20 years. In that time Martin has continued to apply his technological expertise whilst developing his commercial experience.

In 1995 Martin joined Hartshead Education Services and was instrumental in creating and building an IT services business within the company. He was responsible for the day to day management of the IT services division. In 1997 the parent company, Hartshead Solway, was acquired by Capita Group plc. As a result Martin was seconded to Capita-SIMS to provide direction on national projects. Two years after the acquisition Martin joined ANS Group, taking management control of the technical support and delivery elements of the business. In August 2000 ANS Group floated on the Ofex (Plus) market and grew substantially under control of the management team. In 2004 Martin was appointed to the board of the company as Chief Technical Officer.

Martin joined Enables IT Limited in 2009. He is currently a director and minority shareholder in the company.

### **Marcus Yeoman (Age 50) Non-Executive Director**

Mr Marcus Yeoman has been an active investor via Springtime Consultants Ltd since 2003, assisting a number of quoted and private companies with their business development strategies. Mr Yeoman is currently a non-executive director of three additional AIM listed companies and also Chairman of ISDX listed company Storyboard Asset plc. His early career saw him develop a number of IT companies and then move into a role assisting some of the first companies to join AIM when at Corporate Synergy, which was part of Kingston Smith.

### **Mark Elliott (Age 55) Chief Financial Officer**

Mark joined Enables IT in May 2013 as a non-executive director before becoming interim Chief Financial Officer in September 2013. Mark is a Chartered Accountant and whilst a partner in Baker Tilly he specialised in M&A and international work. Subsequently he spent 10 years managing a Swiss based private equity group. He advised Enables on its reverse takeover of Nexus before joining the board. He is also a director of 21<sup>st</sup> Century Technology plc and EU Supply plc.

# ENABLES IT GROUP PLC

## DIRECTORS'S REPORT

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The Directors present their report together with the audited financial statements of the Group for the year ended 30 September 2013

The principal activity of the Group was that of provision of IT managed services

### Acquisition and readmission to AIM

The reverse acquisition of Enables IT Group plc by Enables IT Limited and readmission on AIM was completed on 26 November 2012

On 26 November 2012, the 1,179,851,765 issued ordinary shares of £0.01 each in the capital of the Company were consolidated into new ordinary shares of £0.75 each in the capital of the Company on the basis 1 consolidated ordinary share for every 300 existing ordinary shares

On 26 November 2012, the Company's enlarged issued share capital was readmitted to trading on AIM following the completion of the reverse acquisition of Enables IT Limited for £4.25 million consideration, which was satisfied by the issue of 11,798,475 consideration shares

### Future Developments

The Directors are continually looking for new ways to reach potential clients. Exploring additional services to offer and refining existing services are both key to the Group's future. Through their network of subsidiaries and business partnerships the Directors are able to listen to the needs of their clients and respond accordingly.

In addition to organic growth the Group's strategy is to source and make acquisitions that complement and enhance the existing business. In December 2013 the Group completed the acquisition of the business and assets of Know Technology LLC, a business based in Portland, Maine, USA.

### Business Review

A business review of the Group is included in the Chairman's statement on page 2 of this report. A detailed assessment of the going concern basis is included in Note 1 to the financial statements.

### Results and Dividends

The Directors do not recommend a dividend in respect of the year ended 30 September 2013 and no dividends were paid during the period under review.

### Directors and their interests

The Directors who were in office at the year-end had the following interests in the ordinary shares of the Company as at 1 October 2012 and 30 September 2013

	Ordinary shares of £0.01 each	
	2013	2012
M Walliss	4,378,816	-
M Bradburn	4,092,619	-
M Yeoman (Non-executive Director)	206,978	-
M Johnson	138,889	-
M Elliott	31,770	-
P J Weller (resigned 13 August 2013)	-	4,176



# ENABLES IT GROUP PLC

## DIRECTORS'S REPORT

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M Hanke resigned as a director on 26 November 2012 M B Battles resigned as a director on 4 April 2013 P J Weller resigned as a director on 13 August 2013 M Elliott was appointed as a Non-executive Director on 20 May 2013 M Johnson was appointed as Non-executive Chairman on 1 August 2013

No share options were held by the directors at the year-end

### Principal Risks and Uncertainties

A description and review of the principal risks and uncertainties facing the Group is included below

### Substantial Shareholdings

Apart from the interests of the Directors referred to above, the Company had the following holdings of more than 3% of the share capital of the Company as at 30 September 2013

	Ordinary shares of £0.01 each	Percentage.
Mrs E Walliss	3,212,562	17.37%
Redmayne Nominees HSBC Global Custody Nominee (UK) Limited	761,922	4.12%
Fitel Nominees Limited	694,444	3.76%
Dartington Portfolio Nominees Limited	688,889	3.73%
Ferlim Nominees Limited	673,938	3.64%
	596,583	3.23%

Apart from the interests of the Directors and significant shareholders as at 30 September 2013 referred to above, the Company has received the following notification of holdings of more than 3% of the issued share capital of the Company as at 31st January 2014

	Ordinary shares of £0.01 each	Percentage
HSBC Global Custody Nominee (UK) Limited	3,522,222	13.51%
Mrs E Walliss	3,212,562	12.32%
Octopus Investment Nominees Limited	2,777,776	10.66%
Ferlim Nominees Limited	1,719,916	4.50%

On 26 November 2012, the 1,179,851,765 issued ordinary shares of £0.01 each in the capital of the Company were consolidated into new ordinary shares of £0.75 each in the capital of the Company on the basis of 1 consolidated ordinary share for every 300 existing ordinary shares. On 26 November 2012, the Group acquired 100% of the share capital of Enables IT Ltd.

### Financial Instruments and risk management

The Group's financial instruments comprise cash and other items, including trade debtors and trade creditors that arise directly from its operations. The Group seeks to reduce or eliminate financial risk and to invest cash assets safely and profitably. It operates within policies and procedures approved by the Board, which include strict controls on the use of financial instruments in managing the Group's risk. The Group has immaterial transactional currency exposures.

# ENABLES IT GROUP PLC

## DIRECTORS'S REPORT

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### Financial Instruments and risk management (continued)

The Group has very limited credit risk with its clients as it invoices monthly for its services with payment due mid-month, so that the client carries half the risk. In effect, Enables IT is receiving cash for services not yet provided to its clients. Enables IT also has the ability to turn off service if payments go unpaid which would seriously affect the operations of the clients. For longer-term contracts, one of the subsidiary companies uses a factoring service to ensure that cash is received promptly.

The Group has taken out loans at current market rates of interest. The Directors monitor the interest rates payable to ensure that the rates are not materially above market rates.

The Group has no investment or trading portfolios that are affected by market risk.

The US subsidiary invoices and receives all in the same currency (US dollars). The UK subsidiary invoices and receives all in the same currency (GBP). Inter-company balances between Enables IT Group plc and its subsidiaries are stated in GBP. Therefore, the sole currency risk facing the Group is the exchange rate between the US dollar and the GBP. The directors monitor the exchange rates and make funds transfers when the exchange rates are considered to be at a reasonable level.

### Financial Risk Management

#### Overview

The Group has exposure to the following risks from its use of financial instruments:

- Liquidity risk,
- Credit risk, and
- Market risk

This note presents information about the Group's exposure to each of the above risks and the Group's policies and processes for measuring and managing these risks. The risks are managed centrally following Board approved policies. The Group operates a centralised treasury function in accordance with Board approved policies and guidelines covering funding and management of foreign exchange exposure and interest rate risk. Transactions entered into by the treasury function are required to be in support of, or as a consequence of, underlying commercial transactions.

Other than short-term trade receivables and trade payables, as detailed in notes 17 and 18, that arise directly from operations, the Group's financial instruments comprise cash, bank overdraft, bank borrowings and lease payables. The fair values of these instruments are not materially different to their book values. The objective of holding financial instruments is to raise finance for the Group's operations and manage related risks.

#### Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

The Group closely monitors its access to bank and other credit facilities in comparison to its outstanding commitments to ensure it has sufficient funds to meet its obligations as they fall due. The Group finance function produces regular forecasts that estimate the cash inflows and outflows for 12 months on a rolling basis, so that management can ensure that sufficient financing is in place as it is required. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loan and finance leases.

The table below analyses the Group's and Company's financial liabilities on a contractual gross basis based on amount outstanding at the balance sheet date up to maturity date.

# ENABLES IT GROUP PLC

## DIRECTORS'S REPORT

Group	Less than 6 months £	Between 6 months and 1 year £	Between 1 and 5 years £	Over 5 years £	Total £
Other loans	-	-	46,732	-	46,732
HP & finance leases	12,656	8,298	-	-	20,954
Trade and other payables	1,395,766	160,466	22,830	-	1,579,062
Current tax liability	-	51,418	-	-	51,418
Deferred tax liability	-	-	136,384	-	136,384
Deferred consideration	-	512,674	-	-	512,674
<b>Total liabilities</b>	<b>1,408,422</b>	<b>732,856</b>	<b>205,946</b>	<b>-</b>	<b>2,347,224</b>
<b>Company</b>					
Trade and other payables	58,611	-	-	-	58,611
Deferred consideration	-	512,674	-	-	512,674
<b>Total liabilities</b>	<b>58,611</b>	<b>512,674</b>	<b>-</b>	<b>-</b>	<b>571,285</b>

The Group would normally expect that sufficient cash is generated in the operating cycle to meet the contractual cash flows as disclosed above through effective cash management

The Group has an overdraft facility with the Group's bankers of up to £75,000 (2012 No facility)

### Credit Risk Exposure

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises predominantly from trade receivables, cash and cash equivalents and deposits with banks

Credit risk is managed on a Group basis. External credit checks are obtained for larger customers. In addition, the credit quality of each customer is assessed internally before accepting any terms of trade. Internal procedures take into account customers' financial position, their reputation in the industry and past trading experience. As a result the Group's exposure to bad debts is not significant

	Group		Company	
Financial assets	2013	2012	2013	2012
	£	£	£	£
Trade and other receivables	651,427	298,235	890,577	580,050
Estimated irrecoverable amounts	-	-	-	-

Trade and other receivables do not include prepaid amounts. Prepayments for the Group amounted to £231,997 (2012 £153,411) and for the Company £53,052 (2012 £27,735)

The maximum exposure is the carrying amount as disclosed in note 17. The average credit period taken on the sale of services is 30 days. The allowance for estimated irrecoverable amounts has been made based upon the knowledge of the financial circumstances of individual trade receivables at the balance sheet date. The Group holds no collateral against these receivables at the balance sheet date.

The following table provides an analysis of trade and other receivables that were past their due date at 30 September 2013 and 30 September 2012 but against which no provision has been made. The Group believes that the balances are ultimately recoverable based on a review of past payment history and the current financial status of the customers

# ENABLES IT GROUP PLC

## DIRECTORS'S REPORT

	Group		Company	
	2013	2012	2013	2012
	£	£	£	£
Up to 3 months	85,812	2,390	-	-
Greater than 3 months	-	12,303	-	-

### Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest will affect the Group's income or the value of its holding of financial instruments

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising return

### Currency risk

The Group is exposed to foreign currency risk of sales, purchases, borrowings and the translation of earnings in a currency other than the functional currency of the business unit. Exposures are primarily to the US Dollar

The Board reduces any risk by the operations invoicing in their local currency where possible. The Board aims to keep foreign inter-company balances as low as possible to avoid translation exposure

To show the impact of the fluctuation of the USD exchange rate on the Group financial statements, the table below shows how the year ended 30 September 2013 results would have been impacted by exchange rates at different dates. As a comparison to the actual exchange rate at 30 September 2013, the highest and lowest exchange rates during the year have been chosen, in order to show the maximum impact possible during the year

	03.01.13	2013 Actual	08.07.13
	\$1.63:£1	\$1.62:£1	\$1.49 £1
	£	£	£
Group net assets	1,662,963	1,660,788	1,640,807
Group turnover	7,029,074	7,131,326	7,253,070
Group (loss)/profit for the year	(302,442)	(303,839)	(305,502)

The above table shows that if the exchange rate for the US dollar was at its lowest during the financial year, the Group's loss would have been £305,502 with net assets of £1,640,807. At the highest exchange rate, the Group's loss would have been reduced to £302,442 with net assets of £1,662,963

### Interest rate risk

The Group's objective is to minimise the impact of interest rate volatility on interest cost to protect earnings

This is achieved by reviewing both the amount of floating rate indebtedness over a certain period of time and its sensitivity to interest rate fluctuations

# ENABLES IT GROUP PLC

## DIRECTORS'S REPORT

### Interest rate risk (continued)

The Group's interest rate exposure arises mainly from its interest-bearing borrowings. Contractual agreements entered into at floating rates expose the entity to cash flow risk, while fixed-rate borrowings expose the entity to fair value risk.

The Group regularly reviews its funding arrangements to ensure they are competitive with the marketplace.

The table below shows the Group's and Company's financial assets and liabilities split by those bearing fixed and floating rates and those that are non-interest bearing.

30 September 2013	Fixed Rate £	Floating Rate £	Non-interest bearing £	Total asset £	Total Liability £
<b>Group</b>					
Trade and other receivables	-	-	537,042	537,042	-
<b>Total assets</b>	-	-	537,042	537,042	-

Loans and other borrowings	46,732	-	-	-	46,732
HP & finance leases	20,954	-	-	-	20,954
Current tax liability	-	-	51,418	-	51,418
Deferred tax liability	-	-	136,384	-	136,384
Deferred consideration	-	-	512,674	-	512,674
Trade and other payables	-	-	1,579,062	-	1,579,062
<b>Total liabilities</b>	67,686	-	2,279,538	-	2,347,224

30 September 2013	Fixed Rate £	Floating Rate £	Non-interest Bearing £	Total asset £	Total Liability £
<b>Company</b>					
Trade and other receivables	-	-	890,577	890,577	-
<b>Total Assets</b>	-	-	890,577	890,577	-
Bank and other loans	-	-	-	-	-
Trade and other payables	-	-	571,285	-	571,285
<b>Total liabilities</b>	-	-	571,285	-	571,285

# ENABLES IT GROUP PLC

## DIRECTORS'S REPORT

30 September 2012	Fixed Rate	Floating rate	Non-interest Bearing	Total asset	Total Liability
Group	£	£	£	£	£
Trade and other receivables	-	-	231,545	231,545	-
Total assets	-	-	231,545	231,545	-
Current tax liability	-	-	29,186	-	29,186
Trade and other payables	-	-	906,578	-	906,578
Total liabilities	-	-	935,764	-	935,764
<b>Company</b>					
Trade and other receivables	-	-	580,520	580,520	-
Total Assets	-	-	580,520	580,520	-
Bank and other loans	355,293	-	-	-	355,293
Trade and other payables	-	-	523,750	-	523,750
Total liabilities	355,293	-	523,750	-	879,043

### Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business

The Board monitors the return on trading capital employed for each operating division as well as for the Group

### Key performance indicators

#### Financial

	2013	2012
Revenue per technician	£120,870	£72,431
Clients per technician	5.42	1.8
Staff cost as % of revenue	43.69%	61.77%

#### Non financial

The Directors do not consider any non-financial key performance indicators to be relevant at this time

# **ENABLES IT GROUP PLC**

## **DIRECTORS'S REPORT**

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### **Creditor Payment Policy**

Neither the Company nor the Group comply with any formal code or standard payment practice. The policy of both the Company and the Group is to agree payment terms with individual suppliers. The average credit taken from suppliers based upon year end creditors for the Company was 30 days (2012: 30 days). The average credit taken from suppliers based upon year end creditors for the Group was 36 days (2012: 55 days).

### **Directors' responsibilities for the financial statements**

The directors are responsible for preparing the directors' report and financial statements in accordance with applicable law and the International Financial Reporting Standards (IFRS) as adopted by the European Union.

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and the Group and of the profit or loss of the Group for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable International Financial Reporting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- 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 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Each of the directors confirms that

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

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

### **Donations**

During the year the Group made no charitable donations (2012: £nil).

# **ENABLES IT GROUP PLC**

## **DIRECTORS'S REPORT**

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### **Auditor**

haysmacintyre were appointed as the Group's auditor following readmission to AIM. Haysmacintyre have expressed their willingness to continue in office as auditors and a resolution reappointing them will be proposed at the Annual General Meeting in accordance with Section 485 of the Companies Act 2006.

Unit 5, Mole Business Park  
Randalls Road  
Leatherhead  
Surrey KT22 7BA



**ON BEHALF OF THE BOARD**

M L Newbould  
Company Secretary  
31st January 2014



# **ENABLES IT GROUP PLC**

## **CORPORATE GOVERNANCE REPORT**

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### **Corporate Governance Report**

**For the year ended 30 September 2013**

The Board has recently concluded a review of its corporate governance procedures and, taking into account the size and nature of the Group and its specific circumstances, has determined to apply the general provisions of the "Corporate Governance Guidelines for Smaller Quoted Companies" (the "Guidelines") published by the Quoted Companies Alliance, which have been prepared specifically for AIM companies that do not have premium listings

Appropriate controls and procedures are consistent with the ambition in the Group

### **The Board**

During the year, the Board was composed of five directors, two of whom were non-executive and three of whom were executive. The non-executive directors were considered to be independent within the meaning of the Guidelines.

The Board meets regularly throughout the year to monitor the management accounts and performance of the Group and all major decisions are taken by the full Board. The Board in turn delegates the implementation of board policy and the day-to-day operational management of the Group to the Chief Executive Officer and his team. All directors have access to the Company Secretary and any director needing independent advice in the furtherance of his duties may obtain this advice at the expense of the Group.

The Board met 15 times during the year. One director did not attend on one occasion. All members attended the remaining Board meetings.

### **The Audit Committee membership**

The Audit Committee during the year was composed of the Non-executive Chairman, and a Non-executive Director, Mr Yeoman.

### **Timetable**

The Audit Committee meets at least twice a year to review the published financial information, the effectiveness of external audit and internal controls.

### **Terms of reference**

The terms of reference of the Audit Committee are to assist the Directors in discharging their individual and collective legal responsibilities for ensuring that

- the Group's financial and accounting systems provide accurate and up to date information on its current financial position,
- the Group's published financial statements represent a true and fair reflection of this position and,
- the external audit which the law requires in order to provide independent confirmation that these legal responsibilities are being met, is conducted in a thorough, efficient and effective manner.

In order to meet these terms of reference the Audit Committee will

- a) Consider the appointment of external auditors, their independence, the audit fee and any questions of resignation or dismissal of the auditors

# **ENABLES IT GROUP PLC**

## **CORPORATE GOVERNANCE REPORT**

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### **Terms of reference (continued)**

- b) Discuss with the auditors the nature and scope of the audit before it commences
- c) Review half and full year financial statements and accounts, focusing particularly on
  - any changes in accounting policies and practices,
  - major judgmental areas,
  - significant adjustments arising from the audit,
  - the going concern assumptions,
  - compliance with accounting and legal standards and requirements
- d) Discuss any problems and reservations arising from the half year and full year audits and any other matters the auditors may wish to discuss
- e) Keep under review the effectiveness of internal control systems and risk management systems and to review the auditor's management letter and management's response to it
- f) Consider any other matter at the request of the Board

The Committee will provide a formal report to the Board at least once a year

The Audit Committee met formally two times during the last financial year where it approved the final accounts for 2011/2012, reviewed financial timetables, reviewed internal policies and reviewed due diligence procedures. All members attended every meeting.

### **The Remuneration and Appointments Committee**

The Remuneration and Appointments Committee ensures that all remuneration and other rewards, and their structure, for executive directors and other senior managers, fully satisfy performance and other criteria and approves them. It also approves all senior management and director level appointments, if necessary meeting the candidates.

The committee consisted of the non-executive Chairman, Mr Johnson and a non-executive Director, Mr Yeoman.

The Remuneration Committee met two times during the year and reviewed Executive Pay, Bonus Schemes and Performance Appraisals.

### **Internal Control**

The Directors acknowledge their responsibility for the Group's system of internal control which is designed to ensure adherence to the Group's policies whilst safeguarding the assets of the Group, in addition to ensuring the completeness and accuracy of the accounting records. On the basis that such a system can only provide reasonable but not absolute assurance against material misstatement or loss and that it relates only to the needs of the business at the time, the system as a whole was found by the Directors at the time of approving these financial statements to be generally appropriate to the size of the business.

The key features of internal control that operated throughout the year covered by these financial statements are described under the following headings -

# **ENABLES IT GROUP PLC**

## **CORPORATE GOVERNANCE REPORT**

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### **Control Environment**

There is a clear organisational structure within which individual responsibilities are identified and can be monitored

### **Identification and Evaluation of Business Risks and Control Objectives**

The Board has the primary responsibility for identifying major business risks facing the Group and developing appropriate policies to manage these risks. The risk management approach used is to identify the Group's most significant areas of risk and determine key control objectives

### **Performance Review**

The Directors monitor the Group's performance through the preparation of monthly management accounts which are compared with budgets and other performance targets on a regular basis. Significant variances from targets are analysed and reviewed. There are also monthly reviews of sales and cash projections by the CEO and CFO and if variances are significant they are brought to the Board's attention. Sales and cash projections are reviewed at each Board meeting

### **General Procedures and Monitoring**

Operating controls are detailed in Board minutes and compliance with these procedures is covered by the Group's external auditors only to the extent necessary to form their opinion of the truth and fairness of the financial statements. The Audit Committee will review the operation and effectiveness of this framework

### **Going Concern**

Having made reasonable enquiries, the Directors have concluded that the Group has adequate resources to continue in operational existence for the foreseeable future and as such has prepared the accounts on the going concern basis. See Note 1 of the financial statements for more detail

# **INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ENABLES IT GROUP PLC**

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We have audited the financial statements of Enables IT Group plc for the year ended 30 September 2013 which comprise the Group and Company Balance Sheets, the Group Statement of Comprehensive Income, the Group and Company Cash Flow Statements, the Group and Company Statements of Changes in Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as regards the Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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.

## **Respective responsibilities of directors and auditors**

As explained more fully in the Directors' Responsibilities Statement set out in the Directors' Report, 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 (APB'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 Group's and 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 Annual Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material 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 Group's and Company's affairs as at 30 September 2013 and of the Group's loss for the year then ended,
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union,
- the Company financial statements have been properly prepared in accordance with IFRS as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006, and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006, and, as regards the Group Financial Statements, Article 4 of the IAS Regulation.

## **Opinion on other matters prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

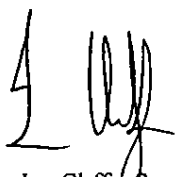
## **INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ENABLES IT GROUP PLC**

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### **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 parent company 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



Ian Cliffe, Senior statutory auditor  
For and on behalf of haysmacintyre, Statutory Auditor  
26 Red Lion Square,  
London  
WC1R 4AG  
31st January 2014

**ENABLES IT GROUP PLC**

**GROUP STATEMENT OF COMPREHENSIVE INCOME**

**FOR THE YEAR ENDED 30 SEPTEMBER 2013**

		Year ended 30 September 2013	Year ended 30 September 2012 As restated
		£	£
<b>Continuing operations</b>	<b>Notes</b>		
<b>Revenue</b>	<b>4</b>	7,131,326	2,687,502
<b>Cost of sales</b>		<u>(4,695,491)</u>	<u>(1,766,764)</u>
<b>Gross profit</b>		2,435,835	920,738
<b>Operating expenses excluding exceptional expenses</b>		<u>(2,249,129)</u>	<u>(783,885)</u>
<b>Operating profit before exceptional items</b>		186,706	136,853
<b>Exceptional items</b>	<b>5</b>	<u>(563,014)</u>	<u>(47,159)</u>
<b>Operating (loss)/profit</b>		(376,308)	89,694
<b>Finance costs</b>	<b>8</b>	<u>(34,598)</u>	<u>(321)</u>
<b>(Loss)/profit before tax</b>		(410,906)	89,373
<b>Tax</b>	<b>9</b>	<u>107,067</u>	<u>(29,186)</u>
<b>(Loss)/Profit for the year</b>		<u>(303,839)</u>	<u>60,187</u>
<b>Attributable to equity holders of the parent</b>	<b>22</b>	<u>(303,839)</u>	<u>60,187</u>
<b>(Loss)/Profit per share</b>			
Basic and diluted	11	(2 07)p	0 41p
Continuing operations basic and diluted	11	(2 07)p	0 41p

The 2012 comparatives are noted as restated as they relate to Enables IT Limited. See Principal Accounting Policies for further details.

The accompanying accounting policies and notes form an integral part of these financial statements.

**ENABLES IT GROUP PLC**  
**STATEMENT OF CHANGES IN EQUITY ATTRIBUTABLE TO EQUITY**  
**SHAREHOLDERS OF THE PARENT**

**FOR THE YEAR ENDED 30 SEPTEMBER 2013**

Group	Share capital £	Share premium account £	Retained earnings £	FX reserves £	Other reserve £	Share options reserve £	Merger reserve £	Reverse acquisition reserve £	Total £
As at 1 January 2012 (as restated)	1,633	-	110,596	-	288	-	-	-	112,517
Profit and total comprehensive income for the period	-	-	60,187	-	-	-	-	-	60,187
Transactions with owners									
- Equity dividends	-	-	(180,005)	-	-	-	-	-	(180,005)
<b>As at 30 September 2012 (Restated)</b>	<b>1,633</b>	<b>-</b>	<b>(9,222)</b>	<b>-</b>	<b>288</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(7,301)</b>
Loss and total comprehensive loss for the year	-	-	(303,839)	-	-	-	-	-	(303,839)
Shares issued by legal parent prior to reverse acquisition	2,949,629	5,128,950	-	-	-	-	-	-	8,078,579
Legal parent reserves prior to reverse acquisition	-	-	-	(114,098)	38,876	972,874	-	-	897,652
Movement in the year	-	-	-	2,410	-	-	-	-	2,410
Shares issued by the legal parent on reverse acquisition	119,097	-	-	-	-	-	1,001,763	-	1,120,860
Shares issued	26,497	933,483	-	-	-	-	-	-	959,980
Share issue expenses	-	(71,649)	-	-	-	-	-	-	(71,649)
Repayment of convertible loan notes	-	-	-	-	(38,876)	-	-	-	(38,876)
Reverse acquisition adjustment	(1,633)	-	-	-	(288)	-	-	(8,977,072)	(8,978,993)
Share based payment charge	-	-	-	-	-	1,965	-	-	1,965
<b>As at 30 September 2013</b>	<b>3,095,223</b>	<b>5,990,784</b>	<b>(313,061)</b>	<b>(111,688)</b>	<b>-</b>	<b>974,839</b>	<b>1,001,763</b>	<b>(8,977,072)</b>	<b>1,660,788</b>

# **ENABLES IT GROUP PLC** **STATEMENT OF CHANGES IN EQUITY ATTRIBUTABLE TO EQUITY** **SHAREHOLDERS OF THE PARENT**

**FOR THE YEAR ENDED 30 SEPTEMBER 2013**

Company	Share capital	Share premium account	Retained earnings	Other reserve	Merger reserve	Share options reserve	Total
	£	£	£	£	£	£	£
As at 1 October 2011	2,855,880	5 072 700	(6 418 917)	38,876	-	971,079	2,519,618
Loss for the year	-	-	(1 846,950)	-	-	-	-1,846,950
Shares issued	93,750	56,250	-	-	-	-	150,000
Share based payment charge	-	-	-	-	-	1,795	1,795
As at 30 September 2012	<u>2,949,630</u>	<u>5,128,950</u>	<u>(8,265,867)</u>	<u>38,876</u>	<u>-</u>	<u>972,874</u>	<u>824,463</u>
As at 1 October 2012	2,949,630	5,128,950	(8,265,867)	38,876	-	972,874	824,463
Profit for the year	-	-	429,812	-	-	-	429,812
Shares issued on reverse acquisition	119,096	-	-	-	-	-	119 096
Reverse acquisition adjustment	-	-	-	-	1,001 763	-	1,001,763
Shares issued	26 497	933,483	-	-	-	-	959,980
Repayment of convertible loan notes	-	-	-	-38,876	-	-	-38,876
Share issue expenses	-	-71,649	-	-	-	-	-71,649
Share based payment charge	-	-	-	-	-	1,965	1,965
As at 30 September 2013	<u>3,095,223</u>	<u>5,990,784</u>	<u>(7,836,055)</u>	<u>-</u>	<u>1,001,763</u>	<u>974,839</u>	<u>3,226,554</u>

## **Merger reserve**

Merger reserve represents the premium on the shares issued to acquire Enables IT Limited in accordance with the provisions of S612 of the Companies Act 2006

## **Reverse acquisition**

As disclosed in Note 2, the reverse acquisition reserve relates to the reverse acquisition between Enables IT Limited and Enables IT Group plc on 26 November 2012



**GROUP BALANCE SHEET****AT 30 SEPTEMBER 2013**

		<b>30 September 2013</b>	<b>30 September 2012</b>
		<b>£</b>	<b>As restated £</b>
<b>ASSETS</b>	<b>Notes</b>		
<b>Non-current assets</b>			
Property, plant and equipment	<b>12</b>	713,370	71,286
Intangible assets	<b>14</b>	580,820	-
Goodwill	<b>13</b>	1,389,879	-
		<u>2,684,069</u>	<u>71,286</u>
<b>Current assets</b>			
Inventories	<b>16</b>	-	1,448
Trade and other receivables	<b>17</b>	883,424	451,646
Cash and cash equivalents		440,519	404,083
		<u>1,323,943</u>	<u>857,177</u>
<b>Total assets</b>		<u>4,008,012</u>	<u>928,463</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	<b>18</b>	(2,068,906)	(906,578)
Loans and other borrowings	<b>19</b>	(46,732)	-
Current tax liabilities		(51,418)	(29,186)
Obligations under finance leases	<b>20</b>	(20,954)	-
		<u>(2,188,010)</u>	<u>(935,764)</u>
<b>Non-current liabilities</b>			
Trade and other payables		(22,830)	-
Loans and other borrowings	<b>19</b>	-	-
Deferred tax liabilities	<b>10</b>	(136,384)	-
		<u>(159,214)</u>	<u>-</u>
<b>Total liabilities</b>		<u>(2,347,224)</u>	<u>(935,764)</u>
<b>Total assets less liabilities</b>		<u>1,660,788</u>	<u>(7,301)</u>

**ENABLES IT GROUP PLC**

Company registration No: 03895363

**GROUP BALANCE SHEET****AT 30 SEPTEMBER 2013****EQUITY****Shareholders' equity**

Called up share capital	21	3,095,223	1,633
Share premium	22	5,990,784	-
Merger reserve	22	1,001,763	-
Reverse acquisition reserve	22	(8,977,072)	-
Other reserves	22	863,151	288
Retained earnings	22	(313,061)	(9,222)
<b>Total equity attributable to the equity holders of the parent</b>		<b>1,660,788</b>	<b>(7,301)</b>

The financial statements were approved by the Board and authorised for issue on 31st January 2014 and signed on its behalf by



M Walliss – Director  
31st January 2014



M Elliott – Director  
31st January 2014

**ENABLES IT GROUP PLC**

**COMPANY BALANCE SHEET**

**AT 30 SEPTEMBER 2013**

		30 September 2013 £	30 September 2012 £
<b>ASSETS</b>	<b>Notes</b>		
<b>Non-current assets</b>			
Property, plant and equipment	12	306,975	-
Investments	15	2,395,753	362,220
Trade and other receivables	17	860,193	480,446
		<u>3,562,921</u>	<u>842,666</u>
<b>Current assets</b>			
Trade and other receivables	17	83,436	127,339
Cash and cash equivalents		151,482	733,501
		<u>234,918</u>	<u>860,840</u>
<b>Total assets</b>		<u><b>3,797,839</b></u>	<u><b>1,703,506</b></u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	18	(571,285)	(523,750)
<b>Non-current liabilities</b>			
Loans and other borrowings	19	-	(355,293)
<b>Total liabilities</b>		<u><b>(571,285)</b></u>	<u><b>(879,043)</b></u>
<b>Total assets less liabilities</b>		<u><b>3,226,554</b></u>	<u><b>824,463</b></u>
<b>EQUITY</b>			
<b>Shareholders' equity</b>			
Called up share capital	21	3,095,223	2,949,630
Share premium	22	5,990,784	5,128,950
Other reserves	22	1,976,602	1,011,750
Retained earnings	22	(7,836,055)	(8,265,867)
<b>Total equity attributable to the equity holders of the parent</b>		<u><b>3,226,554</b></u>	<u><b>824,463</b></u>

The financial statements were approved by the Board and authorised for issue on 31st January 2014 and signed on its behalf by



M Walliss – Director  
31st January 2014



M Elliott – Director  
31st January 2014

# ENABLES IT GROUP PLC

## GROUP CASH FLOW STATEMENT

AT 30 SEPTEMBER 2013

	30 September 2013 £	30 September 2012 As restated £
<b>CONTINUING OPERATIONS</b>		
<b>Cash flows from operating activities</b>		
(Loss)/profit before tax	(410,906)	89,373
Adjustments for		
Interest paid	33,014	321
Impairment of intangible assets	379,188	-
Amortisation of intangible assets	76,413	-
Write off on investment	-	2
Depreciation	132,061	19,757
Other non-cash items	5,833	-
Currency exchange adjustment	(1,388)	-
Operating cash flows before movements in working capital	214,215	109,453
Share option costs	1,965	-
Decrease in inventories	1,448	7,557
Decrease in trade and other receivables	109,546	58,738
(Decrease)/increase in trade and other payables	(288,748)	243,527
Cash generated from operations	38,426	419,275
Interest paid	(33,014)	(321)
Tax paid	(33,226)	(29,186)
<b>Net cash (used in)/generated from operating activities</b>	<b>(27,814)</b>	<b>389,768</b>
<b>Investing activities</b>		
Acquisition of subsidiaries	(280,225)	-
Cash acquired with acquired subsidiaries under reverse acquisition	446,047	-
Dividend paid	-	(180,005)
Purchases of property, plant and equipment	(499,670)	(47,008)
<b>Net cash used in investing activities</b>	<b>(333,848)</b>	<b>(227,013)</b>
<b>Financing activities</b>		
Proceeds from issue of share capital	25,293	-
Premium on issue	884,703	-
Costs relating to share issues	(71,649)	-
Decrease in borrowings	(409,225)	-
Repayment of obligations under finance lease	(31,024)	-
<b>Net cash generated from financing activities</b>	<b>398,098</b>	<b>-</b>
<b>Net cash generated from continuing operations</b>	<b>36,436</b>	<b>162,755</b>
<b>Net increase in cash and cash equivalents</b>	<b>36,436</b>	<b>162,755</b>
Cash and cash equivalents at beginning of year	404,083	241,328
<b>Cash and cash equivalents at end of year</b>	<b>440,519</b>	<b>404,083</b>

**ENABLES IT GROUP PLC****COMPANY CASH FLOW STATEMENT****AT 30 SEPTEMBER 2013**

	30 September 2013 £	30 September 2012 £
<b>CONTINUING OPERATIONS</b>		
<b>Cash flows from operating activities</b>		
Profit/(loss) before tax	429,812	(1,846,950)
Adjustments for		
Loss on disposal of subsidiary	-	1,535,694
Interest paid	27,808	49,694
Other non-cash item	5,833	-
Depreciation	24,777	-
Operating cash flows before movements in working capital	488,230	(261,562)
Share option costs	1,965	1,795
Increase in trade and other receivables	(335,844)	(247,572)
(Decrease)/increase in trade and other payables	(465,141)	468,331
Cash (used in) operations	(310,790)	(39,008)
Interest paid	(27,808)	(49,694)
<b>Net cash used in operating activities</b>	<b>(338,598)</b>	<b>(88,702)</b>
<b>Investing activities</b>		
Acquisition of subsidiaries	(350,000)	-
Purchase of plant and equipment	(331,752)	-
Proceeds from disposal of subsidiary	-	500,000
Legal costs on disposal of subsidiary	-	(11,359)
<b>Net cash (used in)/generated from investing activities</b>	<b>(681,752)</b>	<b>488,641</b>
<b>Financing activities</b>		
Proceeds from issue of share capital	25,277	93,750
Premium on issue	884,703	56,250
Costs relating to share issues	(71,649)	-
Decrease in borrowings	(400,000)	(190,000)
<b>Net cash generated from/(used in) financing activities</b>	<b>438,331</b>	<b>(40,000)</b>
<b>Net cash (used in)/generated from continuing operations</b>	<b>(582,019)</b>	<b>359,939</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(582,019)</b>	<b>359,939</b>
Cash and cash equivalents at beginning of year	733,501	373,562
<b>Cash and cash equivalents at end of year</b>	<b>151,482</b>	<b>733,501</b>

# **ENABLES IT GROUP PLC**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **AT 30 SEPTEMBER 2013**

---

The financial year represents the year ended 30 September 2013 (prior financial year ended 30 September 2012) The consolidated financial statements for the year ended 30 September 2013 comprise the financial statements of the Company and its subsidiaries ('Group')

#### **1 GOING CONCERN**

As set out on page 20, the Group recorded a loss of £303,839 including an operating profit on existing businesses (before restructuring costs, impairment and amortisation of intangible assets and finance costs) of £186,706 The steps that the Directors have taken have returned the Group to profitability and they are confident the Group is able to generate positive cash flow from operations going forward

The Directors therefore believe that the Group has adequate resources to continue in operational existence in the foreseeable future and as such have prepared the financial statements on the going concern basis

# ENABLES IT GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS

AT 30 SEPTEMBER 2013

---

### 2. PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

#### **Basis of accounting**

The financial statements have been prepared in accordance with EU Endorsed International Financial Reporting Standards and IFRIC interpretations (IFRS) and the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention.

#### **Judgements and estimates**

The Group makes judgements and assumptions concerning the future that impact the application of policies and reported amounts. The resulting accounting estimates calculated using these judgements and assumptions will, by definition, seldom equal the related actual results but are based on historical experience and expectations of future events. The judgements and key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements are discussed below.

#### *Goodwill impairment*

The Group is required to assess whether goodwill has suffered any impairment loss, based on the recoverable amount of its cash generating units (CGUs). The recoverable amounts of the CGUs have been determined based on value in use calculations and these calculations require the use of estimates in relation to future cash flows and suitable discount rates. Actual outcomes could vary from these estimates.

#### *Impairment of assets*

Financial and non-financial assets including other intangibles are subject to impairment reviews based on whether current or future events and circumstances suggest that their recoverable amount may be less than their carrying value. Recoverable amount is based on a calculation of expected future cash flows which includes management assumptions and estimates of future performance.

If there is an indication that impairment exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which this asset belongs. An intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of the fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of the future cash flows have not been adjusted.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (CGU) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (CGU) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (CGU) in prior years. A reversal of an impairment loss is recognised as income immediately unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

# **ENABLES IT GROUP PLC**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **AT 30 SEPTEMBER 2013**

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#### **New standards adopted early**

At the date of the authorisation of the financial statements, no standards and interpretations, which are issued but not yet effective, have been adopted early

#### **New standards and interpretations not yet adopted**

At the date of the authorisation of the financial statements, the following standards, and interpretations, which are issued but not yet effective, have not been applied

Effective for the Group for future financial years

Amendment to IFRS 7 'Financial Instruments Disclosures' (effective date year beginning 1 January 2013)

Re-issue of IFRS 9 'Financial Instruments' (effective date year beginning 1 January 2013)

Amendment to IFRS 10 'Consolidated Financial Statements' (effective date year beginning 1 January 2013)

Amendment to IFRS 11 'Joint Arrangements' (effective date year beginning 1 January 2013)

Amendment to IFRS 12 'Disclosure of Interests in Other Entities' (effective date year beginning 1 January 2013)

IFRS 13 'Fair Value Measurement' (effective date year beginning 1 January 2013)

Amendment to IAS 1 'Presentation of Financial Statements' (effective date year beginning 1 January 2013)

Amendment to IAS 19 'Employee Benefits' (effective date year beginning 1 January 2013)

Reissued IAS 27 'Separate Financial Statements' (effective date year beginning 1 January 2013)

Reissued IAS 28 'Investments in Associates and Joint Ventures' (effective date year beginning 1 January 2013)

Amendment to IAS 32 'Financial Instruments Presentation' (effective date year beginning 1 January 2013)

Amendment to IAS 32 'Financial Instruments Presentation' (effective date year beginning 1 January 2014)

Amendment to IAS 36 'Impairment of Assets' (effective date year beginning 1 January 2014)

Amendment to IAS 39 'Financial Instruments Recognition and Measurement' (effective date year beginning 1 January 2014)

IFRIC 21 'Levies' (effective date year beginning 1 January 2014)

The Group has considered the above new standards, interpretations and amendments to published standards that are not yet effective and concluded that, except for the amendments to IAS 1 'Presentation of Financial Statements' and IFRS 10 'Consolidated Financial Statements', they are either not relevant to the Group or that they would not have a significant impact on the Group's financial statements

#### **New standards adopted during the year**

In the current period, the Group has adopted all of the new and revised Standards and Interpretations issued by the International Accountancy Standards Board (the IASB) and the International Financial Reporting Interpretations Committee (the IFRIC) of the IASB that are relevant to its operations and effective for reporting dates beginning on 1 October 2012



# **ENABLES IT GROUP PLC**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **AT 30 SEPTEMBER 2013**

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#### **Basis of consolidation**

The Group financial statements consolidate the financial statements of the Company and all its subsidiaries

On acquisition, fair values are attributed to the Group's share of net assets. Where the cost of acquisition exceeds the values attributable to such net assets, the difference is treated as goodwill, which is capitalised and subjected to annual impairment reviews. The results of acquired companies are brought in from the date of their acquisition.

On 26 November 2012, following the readmission to AIM, Enables IT Group Plc became the legal parent of Enables IT Limited.

The combination has been accounted for as a reverse acquisition as if Enables IT Limited acquired Enables IT Group Plc. Although these Group financial statements have been issued in the name of the legal parent, the Group's activity is in substance a continuation of that of the legal subsidiary, Enables IT Limited, because after the transaction the former Board of Enables IT Limited were deemed to have control of the Group and of the legal parent. The following accounting treatment has been applied in respect of the reverse acquisition.

The assets and liabilities of the legal parent, Enables IT Group plc, are recognised and measured in the Group financial statements at the pre-combination carrying amounts, which are considered to reflect their fair value. The excess of the combination cost over the fair value of the assets and liabilities acquired is accounted for as goodwill.

The retained (loss)/earnings and other equity balances recognised in the Group financial statements to the date of the business combination reflect the retained (loss)/earnings and other equity balances of Enables IT Limited immediately before the business combination, and its results for the period to the date of the business combination.

However, the equity structure appearing in the Group financial statements reflects the equity structure of the legal parent (Enables IT Group Plc), including the equity instruments issued under the share for share exchange to effect the business combination on 26 November 2012. The effect of using the equity structure of the legal parent gives rise to the reverse acquisition reserve.

Comparative numbers presented in the Group financial statements are those reported in the financial statements of the legal subsidiary, Enables IT Limited, for the period ended 30 September 2012.

The cost of the acquisition has been determined from the perspective of Enables IT Limited. As there was no readily available fair value of the legal subsidiaries' equity instruments at the date of the acquisition, the total fair value of all the issued equity instruments of the legal parent, Enables IT Group plc, before the business combination was used as the basis for determining the combination's cost. Immediately before the acquisition the legal parent had 1,179,851,765 ordinary £0.0025 shares in issue with a market value of £0.00095 each valuing the combination at £1,120,859.

As a consequence of applying reverse acquisition accounting, the results of the Group for the year ended 30 September 2013 comprise the results of Enables IT Limited to its year ending 30 September 2013 plus the results of Enables IT (UK) Ltd, Enables IT Group plc and Enables IT Inc. from 26 November 2012, the date of acquisition, to 30 September 2013.

#### **Revenue recognition**

Revenue is taken on fee income in the year to which it relates. Project income is recognised in the year in which the project is worked on. For projects which fall over the financial year end income is recognised to reflect the partial performance of the contractual obligations.

The income from annual maintenance contracts is recognised in equal instalments over the period to which the service is provided. The income from product sales is recognised at the date of shipment.

# **ENABLES IT GROUP PLC**

## **NOTES TO THE FINANCIAL STATEMENTS**

**AT 30 SEPTEMBER 2013**

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### **Goodwill policy**

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the identifiable assets and liabilities of the acquired subsidiary at the date of acquisition

### **Goodwill impairment**

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses (Any impairment charge is recognised in the income statement in the year in which it occurs ) Impairment losses on goodwill are not reversed Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold

Goodwill is allocated to cash-generating units for the purpose of impairment testing The allocation is made to those cash-generating units or Groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. Goodwill is allocated to cash-generating units that represent each business segment

### **Impairment of property, plant and equipment and intangible assets**

At each balance sheet date, the Group reviews the carrying amounts of its property, plant & equipment and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss If any such indication exists, the recoverable amount of the asset, which is the higher of its fair value less costs to sell and its value in use, is estimated in order to determine the extent of the impairment loss Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs

Any impairment charge is recognised in the income statement in the year in which it occurs for assets carried at cost if recoverable amount is less than the carrying value Where an impairment loss, other than an impairment loss on goodwill, subsequently reverses due to a change in the original estimate, the carrying amount of the asset is increased to the revised estimate of its recoverable amount

### **Investments**

Available for sale investments are non-derivatives that are either designated in this category or not classified in any of the other categories They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date

Available for sale investments are initially recognised at fair value plus transaction costs After initial recognition, available for sale investments are measured at fair value, with gains or losses recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in the income statement

The fair values of investments are based on current bid prices If the market for an available for sale investment is not active the Group establishes fair value by using valuation techniques These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs

# ENABLES IT GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS

AT 30 SEPTEMBER 2013

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### Property, plant and equipment

Property, plant and equipment assets are stated at cost less accumulated depreciation and impairment losses. Depreciation is calculated to write down their cost to their estimated residual values by equal annual instalments over the year of their estimated useful economic lives, which are considered to be

Fixtures & Fittings	5 years
Office & Computer Equipment	4 years
Short Leasehold Improvements	Over the remaining term of the lease

### Intangible assets

Identifiable intangible assets are recognised when the Group controls the asset, it is probable that future economic benefits attributable to the asset will flow to the Group and the cost of the asset can be reliably measured. All intangible assets, other than goodwill and indefinite lived assets, are amortised over their useful economic life. The method of amortisation reflects the pattern in which the assets are expected to be consumed. If the pattern cannot be determined reliably, the straight line method is used.

Customer lists acquired through business combinations are recorded at fair value at the date of acquisition. Assumptions are used in estimating the fair values of acquired intangible assets. These include management's estimates of revenue and profits to be generated by the acquired business.

The estimated useful lives of intangible assets are

Customer lists	10 years straight line
----------------	------------------------

### Pension costs

The Group makes defined contributions to its employees' personal plans. The pension costs charged in the financial statements represents the contributions payable by the Group during the period.

### Leased assets and obligations

Leases are classified as finance leases when the terms of the lease transfer substantially all the risks and rewards of ownership to the Group. All other leases are classified as operating leases. For property leases, the land and building elements are treated separately to determine the appropriate lease classification.

#### *Finance leases*

Assets funded through finance leases are capitalised as property, plant and equipment and depreciated over their estimated useful lives or the lease term, whichever is shorter. The amount capitalised is the lower of the fair value of the asset or the present value of the minimum lease payments during the lease term at the inception of the lease. The resulting lease obligations are included in liabilities determined. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance costs on finance leases are charged directly to the income statement.

#### *Operating leases*

Assets leased under operating leases are not recorded on the balance sheet. Rental payments are charged directly to the income statement on a straight line basis over the lease term.

# **ENABLES IT GROUP PLC**

## **NOTES TO THE FINANCIAL STATEMENTS**

**AT 30 SEPTEMBER 2013**

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### **Foreign currencies**

Transactions in foreign currencies are translated into Sterling using the exchange rates prevailing at the date of the transaction. Foreign exchange gains or losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the balance sheet date are recognised in the income statement. On consolidation, assets and liabilities of foreign undertakings are translated into Sterling using the year end exchange rates. The results of foreign undertakings are translated into Sterling at average rate of exchange for the year. Foreign exchange differences arising on retranslation are recognised directly in equity.

### **Current and deferred taxation**

Current tax is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustments to tax payable in respect of previous years.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profits ('temporary differences') and is accounted for using the balance sheet liability method.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Where there are taxable temporary differences arising on subsidiaries, deferred tax liabilities are recognised.

Deferred tax is calculated for all business combinations in respect of intangible assets. A deferred tax liability is recognised to the extent that the fair value of the assets for accounting purposes exceed the fair value of those assets for tax purposes and will form part of the associated goodwill on acquisition.

Deferred tax assets are generally recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Where there are deductible temporary differences arising on subsidiaries, deferred tax assets are recognised only where it is probable that they will reverse in the foreseeable future and taxable profits will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient tax profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised.

Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

### **Share based payments**

The Group has applied the requirements of IFRS 2 'Share-Based Payments'. In accordance with the transitional provisions, IFRS 2 has been applied to all grants of equity instruments after 7 November 2002 that were unvested as of 1 January 2005.

The Group issues equity-settled share-based payments to certain employees, including share options with non-market based vesting conditions. Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of the equity-settled share-based payment is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest.

Fair value is measured by use of a Black-Scholes model for the majority of share options in issue. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

# **ENABLES IT GROUP PLC**

## **NOTES TO THE FINANCIAL STATEMENTS**

**AT 30 SEPTEMBER 2013**

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### **Financial Instruments**

Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group has become party to the contractual provisions of the instrument

#### **Trade and other receivables**

Trade receivables are stated at fair value. A provision for impairment is made where there is objective evidence of impairment (including customers in financial difficulty or seriously in default against agreed payment terms). There is no material variance between carrying and fair values.

#### **Inventories**

Inventories are valued at the lower of cost or net realisable value. The directors carry out an annual valuation of inventories. The cost of any inventories that are valued below the current book value is written off to the income statement. Cost is determined using the average cost basis.

#### **Cash and cash equivalents**

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

#### **Trade and other payables**

Trade payables are recognised at fair value. There is no material variance between book and fair values.

#### **Borrowings**

Bank loans and overdrafts are recorded initially at their fair value, net of direct transaction costs and finance charges are recognised in the income statement over the term of the instrument. Note 19 provides details of the applicable interest rates. There is no material variance between book and fair values.

#### **Equity instruments**

Equity instruments are recorded at the proceeds received, net of direct issue costs.

# ENABLES IT GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS

AT 30 SEPTEMBER 2013

### 3. BUSINESS COMBINATIONS

1 On 1 July 2013, Enables IT Group plc acquired the entire issued share capital of The Support Force Group Ltd for a total consideration of £912,674. The Support Force Group Ltd is an IT Managed Services provider

	Acquisitions		Total
	Book Value	Fair Value	£
<b>Net Assets acquired</b>			
Fixed assets	13,037	-	13,037
Trade and other receivables	79,877	-	79,877
Cash and cash equivalents	69,775	-	69,775
Deferred tax liabilities	-	(65,306)	(65,306)
Trade and other payables	(470,493)	(30,055)	(500,548)
<b>Fair Value of net assets acquired</b>	<b>(307,804)</b>	<b>(95,361)</b>	<b>(403,165)</b>
<b>Goodwill arising on acquisition</b>			<b>1,315,839</b>
<b>Total Assets Acquired</b>			<b>912,674</b>
<b>Satisfied by</b>			
Cash consideration			350,000
Issue of shares			50,000
Deferred consideration			512,674
<b>Total consideration</b>			<b>912,674</b>
<b>Cash flow</b>			
Cash consideration			350,000
Cash acquired			(69,775)
<b>Net cash outflow from acquisition</b>			<b>280,225</b>

2 On 26 November 2012, the Company acquired 100% of the issued share capital of Enables IT Limited, which was satisfied by the issue of 11,798,475 consideration shares. Under IFRS 3, this transaction has been accounted for as a reverse acquisition.

The cost of the acquisition has been determined from the perspective of Enables IT Limited. As there was no readily available fair value of the legal subsidiary's equity instruments at the date of the acquisition, the total fair value of all the issued equity instruments of the legal parent, Enables IT Group plc, before the combination was used as the basis for determining the combination's cost. Immediately before the acquisition, the legal parent had 1,179,851,765 ordinary £0.0025 shares in issue with a market value of £0.00095 each, valuing the combination at £1,120,859.

# ENABLES IT GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS

AT 30 SEPTEMBER 2013

	Book Value	Fair Value	Enables IT Group plc £
<b>Net Assets acquired</b>			
Current assets	937,878	-	937,878
Non current assets	260,401	-	260,401
Current liabilities	(644,810)	-	(644,810)
Deferred tax liabilities	-	-	-
Non current liabilities	(370,000)	(173,071)	(543,071)
<b>Net assets acquired</b>	183,469	(173,071)	10,398
<b>Goodwill arising on acquisition</b>			1,110,461
<b>Total consideration</b>			<b>1,120,859</b>
<b>Satisfied by</b>			
Issue of shares			<b>1,120,859</b>

### 4. BUSINESS AND GEOGRAPHICAL SEGMENTS

The segment reporting format is determined to be the geographical segments as the Group's risk and rates of return are affected predominately by the location of its customers. The Group has two main geographical segments, namely the USA and Europe.

The segment results for the year ended 30 September 2013 are as follows

	Europe	USA	Inter-Group trading	Continuing operations	Consolidated
Year ended 30 September 2013	£	£	£	£	£
<b>Revenue</b>					
Segmental revenue – external	4,664,002	2,467,324	-	7,131,326	7,131,326
Segmental revenue – internal	39,400	-	(39,400)	-	-
<b>Total segmental revenue</b>	<b>4,703,402</b>	<b>2,467,324</b>	<b>(39,400)</b>	<b>7,131,326</b>	<b>7,131,326</b>
<b>Operating profit/(loss)</b>	<b>214,293</b>	<b>(27,587)</b>	<b>-</b>	<b>186,706</b>	<b>186,706</b>
Restructuring costs				(43,318)	(43,318)
Redundancy costs				(58,600)	(58,600)
Amortisation of intangible assets				(76,413)	(76,413)
Impairment of intangible assets				(379,188)	(379,188)
Share based payments				(1,965)	(1,965)
Foreign currency translation				(3,530)	(3,530)
Finance costs				(34,598)	(34,598)
Taxation				107,067	107,067
<b>Loss for the year</b>				<b>(303,839)</b>	<b>(303,839)</b>

# ENABLES IT GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS

AT 30 SEPTEMBER 2013

	Europe	USA	Inter-Group trading	Continuing	Consolidated
Year ended 30 September 2012	£	£	£	£	£
<b>Revenue</b>					
Segmental revenue – external	2,687,502	-	-	2,687,502	2,687,502
Segmental revenue – internal	-	-	-	-	-
<b>Total segmental revenue</b>	<b>2,687,502</b>	<b>-</b>	<b>-</b>	<b>2,687,502</b>	<b>2,687,502</b>
<b>Operating profit</b>	<b>136,853</b>	<b>-</b>	<b>-</b>	<b>136,853</b>	<b>136,853</b>
Acquisition costs re Enables IT				(47,159)	(47,159)
Finance costs				(321)	(321)
Taxation				(29,186)	(29,186)
<b>Profit for the year</b>				<b>60,187</b>	<b>60,187</b>

Revenues from two customers of the Group amounted to more than 10% of the Group's total revenue. The total revenues from these customers are detailed below, by segment

	2013 £	2012 £
Revenue - Europe	2,204,031	1,906,303
Revenue - USA	803,260	-
	<b>3,007,291</b>	<b>1,906,303</b>

### Segmental Analysis of the Balance Sheet

	Europe	USA	Inter-Group balances	Continuing operations	Consolidated
Year ended 30 September 2013	£	£	£	£	£
Additions to non-current assets	1,210,202	42,502	-	1,252,704	1,252,704
Depreciation	(66,051)	(66,010)	-	(132,061)	(132,061)
Impairment	(379,188)	-	-	(379,188)	(379,188)
Amortisation	(76,413)	-	-	(76,413)	(76,413)
<b>Segment assets</b>	<b>3,600,031</b>	<b>407,981</b>	<b>-</b>	<b>4,008,012</b>	<b>4,008,012</b>
<b>Segment liabilities</b>	<b>(2,168,319)</b>	<b>(644,086)</b>	<b>465,181</b>	<b>(2,347,224)</b>	<b>(2,347,224)</b>



# ENABLES IT GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS

AT 30 SEPTEMBER 2013

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	Europe	USA	Inter- Group balances	Continuing operations	Consoli- dated
	£	£	£	£	£
<b>Year ended 30 September 2012</b>					
Additions to non-current assets	47,008	-	-	47,008	47,008
Depreciation	(19,757)	-	-	(19,757)	(19,757)
Impairment	-	-	-	-	-
Amortisation	-	-	-	-	-
Segment assets	928,463	-	-	928,463	928,463
Segment liabilities	(935,764)	-	-	(935,764)	(935,764)

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# ENABLES IT GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS

AT 30 SEPTEMBER 2013

### 5. EXPENSES AND AUDITOR'S REMUNERATION

The Group's results include charges/(credits) for the following

	2013	2012
	£	£
Depreciation on tangible fixed assets owned	104,329	19,757
Depreciation on tangible fixed assets held under finance lease	27,732	-
Auditor's remuneration	48,750	7,000
Operating lease costs	150,633	28,670
<b>Exceptional items</b>		
Redundancy costs	58,600	-
Share based payment	1,965	-
Restructuring costs	43,318	-
Committed acquisition costs	-	47,159
Amortisation of intangible assets	76,413	-
Impairment of intangible assets	379,188	-
Net loss on foreign currency translation	3,530	-
<b>Total Exceptional items</b>	<b>563,014</b>	<b>47,159</b>

The profit attributable to the parent company for the year was £429,812 (2012 loss £1,846,950)

#### Auditor's remuneration

The fees charged by the auditors can be further analysed under the following headings for services rendered

	2013	2012
	£	£
<b>Audit services</b>		
Fees payable to Company auditor for the audit of parent Company and consolidated accounts	14,000	5,950
The audit of Company's subsidiaries pursuant to legislation	28,250	-
<b>Non-audit services</b>		
Fees payable to the Company's auditor and its associates for other services		
Tax compliance and advisory services	6,500	1,050
	<b>48,750</b>	<b>7,000</b>

# ENABLES IT GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS

AT 30 SEPTEMBER 2013

### 6. EMPLOYEES

The average monthly number of employees of the Group (including directors) during the year was

	2013 Number	2012 Number
Management and administration	15	3
Technicians	59	20
Sales	10	2
	<u>84</u>	<u>25</u>

Staff costs during the year were as follows

	2013 £	2012 £
Wages and salaries	2,814,049	699,950
Social security costs	267,394	63,289
Other pension costs	41,062	12,066
Share based payment expense	1,965	-
	<u>3,124,470</u>	<u>775,305</u>

### 7. DIRECTORS

Total emoluments of Directors included in staff costs were as follows

	2013 £	2012 £
Directors' remuneration (including benefits in kind)	546,549	107,566
Company pension fund contributions to money purchase schemes	15,882	3,465
	<u>562,431</u>	<u>111,031</u>

Directors' emoluments split by director are shown in the table below

	2013 Remuneration (inc BIKs) £	Pension contributions £	Total £
M Walliss	170,000	4,620	174,620
M Johnson	2,917	-	2,917
M Bradburn	110,000	-	110,000
M Elliott	5,000	-	5,000
M Yeoman	66,500	-	66,500
P J Weller	147,938	11,262	159,200
M B Battles	44,194	-	44,194
	<u>546,549</u>	<u>15,882</u>	<u>562,431</u>

# ENABLES IT GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS

AT 30 SEPTEMBER 2013

	2012 Remuneration (inc BIKs) £	Pension contributions £	Total £
M Walliss	65,696	-	65,696
M Bradburn	41,870	3,465	45,335
	<b>107,566</b>	<b>3,465</b>	<b>111,031</b>

Details of Directors' share options are disclosed in note 20

### 8. NET FINANCE COSTS

	2013 £	2012 £
<b>Finance Expense</b>		
Interest on finance lease	6,248	-
Interest on other borrowings	28,350	321
	<b>34,598</b>	<b>321</b>

### 9. TAXATION

	2013 £	2012 £
<b>i) Current tax charge/(credit)</b>		
The tax charge/(credit) comprises		
UK taxation		
Corporation tax at 23.00% (2012: 20.00%)	(2,279)	29,186
Non-UK taxation		
Current	-	-
Deferred taxation		
Origination and reversal of temporary differences	(104,788)	-
	<b>(107,067)</b>	<b>29,186</b>

# ENABLES IT GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS

### AT 30 SEPTEMBER 2013

#### ii) Tax reconciliation

The taxation expense on the loss for the year differs from the amount computed by applying the corporation tax rate to the loss before tax for the following reasons

	2013 £	2012 £
(Loss)/profit on ordinary activities before tax	<u>(410,906)</u>	<u>89,373</u>
Theoretical tax charge at 23% (2012 20%)	(94,508)	17,875
Effects of		
Expenses (including goodwill) not deductible for tax purposes	113,798	10,578
Capital allowances less than depreciation	2,135	(763)
Other timing differences	-	1,496
Deferred adjustment on impairment of goodwill	(104,788)	-
Unrelieved losses and other deductions	(29,186)	-
Marginal relief	5,482	-
<b>Total tax charge for the year</b>	<u><b>(107,067)</b></u>	<u><b>29,186</b></u>

#### Factors that may affect future tax charges

At 30 September 2013 the Group has tax losses of approximately £453,893 (2012 £560,808) to set against future profits of the same trade

A deferred tax asset of £89,942 (2012 £129,954) arising from tax losses in the company and subsidiary companies was not recognised on the grounds that recovery of these losses is uncertain

#### 10. DEFERRED TAXATION

	Purchased intangibles £	Other short term temporary differences £	Total £
At 1 October 2012 (liability)	-	-	-
Deferred tax on intangibles	(238,377)		(238,377)
Deferred tax on acquisitions		(2,795)	(2,795)
Amounts credited to the income statement	104,788		104,788
<b>At 30 September 2013</b>	<u><b>(133,589)</b></u>	<u><b>(2,795)</b></u>	<u><b>(136,384)</b></u>

# ENABLES IT GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS

### AT 30 SEPTEMBER 2013

#### 11. LOSS PER SHARE

##### Basic

Basic profit/(loss) per share is calculated by dividing the loss for the period attributable to equity holders of the Group by the weighted average number of ordinary shares in issue during the year

The weighted average number of ordinary shares for the year ended 30 September 2013 assumes that the 11,909,629 ordinary issued in relation to the reverse acquisition of Enables IT Limited existed for the entire period. The consideration shares have been included since 26 November 2012, the date of the reverse acquisition, and all shares have been included in the computation based on the weighted average number of days since issue

##### Diluted

The weighted average number of the Group's ordinary shares used in the calculation of diluted earnings per share has been adjusted for the effect of potentially dilutive share options granted under the Group's share option schemes (Potentially dilutive share options are options with an exercise price less than the middle market price at 30 September 2013)

	2013		2012	
	Loss attributable to equity holders of the parent £	Weighted average Number of shares	Profit attributable to equity holders of the company £	Weighted average Number of shares
Basic EPS calculation	(303,839)	14,650,436	(0.02070)	14,650,436
Effect of dilutive options		-		-
Diluted EPS calculation	(303,839)	14,650,436	(0.02070)	14,650,436
			Profit per share £	
			0.0041	

Diluted loss per share is calculated using the weighted average number of shares adjusted to assume the conversion of all dilutive potential ordinary shares. There are 514,691 options (2012: 985,708) which could potentially dilute earnings per share in the future. As a loss was recorded for the current and prior year the issue of potential ordinary shares would have been anti-dilutive in both years.

##### Potential dilutive items

	2013 Weighted average Number of shares	2012 Weighted average Number of shares
Share options (see note 21)	514,691	985,708
	514,691	985,708

# ENABLES IT GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS

### AT 30 SEPTEMBER 2013

#### 12. PROPERTY, PLANT AND EQUIPMENT

Group	Short leasehold improvements £	Fixtures, fittings and motor vehicles £	Office and computer equipment £	Total £
<b>Cost</b>				
At 1 October 2012	-	42,090	187,399	229,489
Assets acquired on reverse acquisition	408,551	49,498	976,775	1,434,824
Assets acquired on acquisition of Support Force	-	6,709	11,498	18,207
Additions	339,630	20,234	140,356	500,220
Disposals	-	(39,913)	(118,806)	(158,719)
Currency exchange adjustment	658	-	1,099	1,757
<b>At 30 September 2013</b>	<b>748,839</b>	<b>78,618</b>	<b>1,198,321</b>	<b>2,025,778</b>
At 1 October 2012	-	41,239	116,964	158,203
Assets acquired on reverse acquisition	222,186	48,066	904,172	1,174,424
Assets acquired on acquisition of Support	-	2,842	2,878	5,720
Provided in the year	51,088	5,078	75,895	132,061
Disposals	-	(39,913)	(118,806)	(158,719)
Currency exchange adjustment	(456)	25	1,150	719
<b>At 30 September 2013</b>	<b>272,818</b>	<b>57,337</b>	<b>982,253</b>	<b>1,312,408</b>
<b>Net Book Value</b>				
<b>At 30 September 2013</b>	<b>476,021</b>	<b>21,281</b>	<b>216,068</b>	<b>713,370</b>
At 30 September 2012	-	851	70,435	71,286

Included in the total net book value of £713,370 is £54,264 (2012 £78,718) in respect of assets held under hire purchase agreements. The categories of these assets are short leasehold improvements of £44,677 and computer and office equipment of £9,587.

The depreciation charged to the Income Statement in the year in respect of such assets is £27,732 (short leasehold improvements of £4,124 and computer and office equipment of £23,608) (2012 £51,103).

# ENABLES IT GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS

AT 30 SEPTEMBER 2013

### 12. PROPERTY, PLANT AND EQUIPMENT (continued)

Company	Short leasehold property £	Total £
<b>Cost</b>		
At 1 October 2012	-	-
Additions	331,752	331,752
<b>At 30 September 2013</b>	<b>331,752</b>	<b>331,752</b>
At 1 October 2012	-	-
Provided in the year	24,777	24,777
<b>At 30 September 2013</b>	<b>24,777</b>	<b>24,777</b>
<b>Net Book Value</b>		
<b>At 30 September 2013</b>	<b>306,975</b>	<b>306,975</b>
At 30 September 2012	-	-



# ENABLES IT GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS

### AT 30 SEPTEMBER 2013

#### 13. GOODWILL

Group	Goodwill on consolidation £	Total £
<b>Cost</b>		
At 1 October 2012	-	-
Additions	1,389,879	1,389,879
<b>At 30 September 2013</b>	<b>1,389,879</b>	<b>1,389,879</b>
<b>Impairment</b>		
At 1 October 2012	-	-
Impairment charge	-	-
<b>At 30 September 2013</b>	<b>-</b>	<b>-</b>
<b>Net book value</b>		
<b>At 30 September 2013</b>	<b>1,389,879</b>	<b>1,389,879</b>
At 30 September 2012	-	-

	Group 2013	2012
Enables IT Limited	357,977	-
The Support Force Group Limited	1,031,902	-
	<b>1,389,879</b>	<b>-</b>

Goodwill and other intangibles relate to the reverse acquisition of Enables IT Limited and the acquisition of The Support Force Group Limited

Impairment testing has been performed over the total balance of intangible assets which were allocated to the one cash generating unit (CGU) of the Group, that of the sale of IT managed services and technologies. The Group tests goodwill annually for impairment or more frequently if there are indications that goodwill may be impaired.

The carrying value of intangible assets and goodwill has been assessed for impairment by reference to the value in use. Value in use was determined by discounting the future cash flows generated from the continuing use of the unit. The calculation of value in use was based on the following key assumptions:

- cash flow projections from approved budgets to September 2014. Cash flows beyond September 2014 budget are extrapolated using a 2% per annum growth rate.
- A pre-tax discount rate of 7% was applied in determining the recoverable amount of the unit, being the estimated weighted average cost of capital (WACC) of the unit.

# ENABLES IT GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS

### AT 30 SEPTEMBER 2013

- The WACC was calculated based on the following

- risk free rate of 3%
- market risk premium of 5.5%
- beta equity of 0.52
- debt to equity of 1.89

Based on the testing, an impairment charge of £379,188 was recognised against the carrying value of certain customers at Enables IT (UK) Limited and Enables IT Inc which were considered to have no future value to the business

Amortisation and impairment charges are recorded within exceptional items

#### 14. INTANGIBLE ASSETS

Group	Customer List £	Total £
<b>Cost</b>		
At 1 October 2012	-	-
Additions	1,036,421	1,036,421
<b>At 30 September 2013</b>	<b>1,036,421</b>	<b>1,036,421</b>
<b>Amortisation</b>		
At 1 October 2012	-	-
Impairment	(379,188)	(379,188)
Provided in the year	(76,413)	(76,413)
<b>At 30 September 2013</b>	<b>(455,601)</b>	<b>(455,601)</b>
<b>Net book value at 30 September 2013</b>	<b>580,820</b>	<b>580,820</b>
<b>At 30 September 2012</b>	<b>-</b>	<b>-</b>

	Group 2013 £	2012 £
Enables IT Limited	311,080	-
The Support Force Group Limited	269,740	-
	<b>580,820</b>	<b>-</b>

# ENABLES IT GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS

AT 30 SEPTEMBER 2013

### 15. INVESTMENTS

Company	Shares in Subsidiary Undertakings £
At 1 October 2012	362,220
Additions	2,033,533
At 30 September 2013	<u>2,395,753</u>

The Company directly owns 100% of the issued share capital of the following subsidiary undertakings, which have been included in the consolidated financial statements

Subsidiary undertaking	Country of registration	Principal activity
Enables IT (UK) Limited	England and Wales	IT Support services
Enables IT Limited	England and Wales	IT Support services
The Support Force Group Limited	England and Wales	IT Support services
Active Office Services Limited	England and Wales	IT Support services
Enables (Leatherhead) Limited	England and Wales	IT Support services
Addax Support Services Limited	England and Wales	IT Support services
FixIT Worldwide Limited	England and Wales	IT Support services
PC Medics Group Limited	England and Wales	Holding Company
Enables IT Inc *	USA	IT Support services

\* Investment held via PC Medics Group Limited

The Company owned 14.78% of the ordinary issued share capital of PD Financial, a company incorporated in the USA, as at 30 September 2013. PD Financial's principal activity is direct marketing. PD Financial has now ceased actively trading. In the directors' opinion this investment currently has no value.

The additions to investments in 2013 relate to the reverse acquisition of Enables IT Limited at a cost of £1,120,859 satisfied by the issue of 11,798,475 consideration shares and the acquisition of The Support Force Group Limited at a cost of £912,674, satisfied by £350,000 in cash, £50,000 in ordinary shares in Enables IT Group plc and a further amount of up to £512,674 payable after June 2014.

### 16. INVENTORIES

	Group	
	2013 £	2012 £
Work in progress	-	1,448
Total Inventories	<u>-</u>	<u>1,448</u>

The company had no inventories at 30 September 2013

# ENABLES IT GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS

### AT 30 SEPTEMBER 2013

#### 17. TRADE AND OTHER RECEIVABLES

	2013 £	Group 2012 £	2013 £	Company 2012 £
Trade receivables	502,074	231,545	-	-
Amounts owed by Group undertakings	-	-	860,193	480,446
VAT recoverable	-	-	30,384	27,265
Other receivables	34,968	-	-	-
Prepayments and accrued income	346,382	220,101	53,052	100,074
	<b>883,424</b>	<b>451,646</b>	<b>943,629</b>	<b>607,785</b>

Included in the Company total above is £860,193 (2012 £480,446) relating to debtors due after more than one year

There is no material variance between carrying and fair values

#### 18. TRADE AND OTHER PAYABLES

	2013 £	Group 2012 £	2013 £	Company 2012 £
Trade payables	469,406	242,028	26,374	22,679
Other payables	311,313	104,408	-	-
Deferred consideration	512,674	-	512,674	-
Accruals and deferred income	775,513	589,328	32,237	501,071
	<b>2,068,906</b>	<b>935,764</b>	<b>571,285</b>	<b>523,750</b>

There is no material variance between carrying and fair values

#### 19. LOANS AND OTHER BORROWINGS

	2013 £	Group 2012 £	2013 £	Company 2012 £
Bank loans	46,732	-	-	-
Other loans	-	-	-	355,293
	<b>46,732</b>	<b>-</b>	<b>-</b>	<b>355,293</b>
Disclosed within current liabilities	46,732	-	-	-
Disclosed as non-current liabilities	-	-	-	355,293

# ENABLES IT GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS

### AT 30 SEPTEMBER 2013

The borrowings are repayable as follows

	2013 £	Group 2012 £	2013 £	Company 2012 £
On demand or within one year	46,732	-	-	-
In the second to fifth years inclusive	-	-	-	355,293
	46,732	-	-	355,293
Less Amount due for settlement within 12 months (shown under current liabilities)	46,732	-	-	-
Amount due for settlement after 12 months	-	-	-	355,293

Bank overdrafts and loans are arranged at floating rates, exposing the Group to cash flow interest rate risk

The weighted average interest rates paid were as follows

	2013 %	2012 %
Bank loans	5.2	-

The Group has a bank loan which was acquired with The Support Force Group Ltd. The loan is from HSBC and the balance outstanding at 30 September 2013 is £46,732.

Sensitivity analysis on the level of interest rates has not been undertaken as the Directors believe that any increase/decrease in interest rates during the current and previous year would have had no material impact on the level of interest payable.

#### 20. NET OBLIGATIONS UNDER FINANCE LEASES

Group	Minimum lease payments		Present value of lease payments	
	2013 £	2012 £	2013 £	2012 £
<b>Amounts payable under finance lease</b>				
Within one year	23,043	-	44,824	-
In the second to fifth years inclusive	-	-	21,785	-
	23,043	-	66,609	-
Less Future finance charges	(2,089)	-	(4,428)	-
Present value of lease obligations	20,954	-	62,181	-
Less Amount due to settlement within 12 months (shown under current liabilities)	(20,954)	-	(41,263)	-
Amount due to be settled after 12 months	-	-	20,918	-

Net obligations under finance leases contracts are secured on the assets concerned

The main finance leases within the Group are:

Desktop PC's and laptops for Enables IT Inc. The lease, which was for 32 replacement PC's and laptops, commenced in 2012. A monthly rental of £194 is payable over 36 months, with an option to purchase at a nominal amount after 36 months.

# ENABLES IT GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS

AT 30 SEPTEMBER 2013

Addition to the "High availability virtual environment" (HAVEN) for Enables IT Inc. The lease commenced in 2011. A monthly rental of £1,601 is payable over 36 months, with an option to purchase at a nominal amount after 36 months. The "High availability virtual environment" contains five servers and storage units that house the virtual server. Enables IT Inc. offer HAVEN as a remote storage or virtual server product to its clients.

HVAC Air conditioning system for Enables IT Inc. The lease commenced in 2009. A monthly rental of £1,349 is payable over 60 months, with an option to purchase at a nominal amount after 60 months.

### Company

The company has no obligations under finance leases.

### 21. SHARE CAPITAL

	No of shares No.	Share capital £
<b>Issued and fully paid</b>		
<b>Enables IT Limited</b>		
As at 1 October 2012 and 30 September 2013	1,633	1,633
<b>Enables IT Group Plc</b>		
As at 1 October 2012	1,179,851,765	2,949,630
Consolidation 300 for 1	- 1,175,918,926	-
	3,932,839	2,949,630
<b>Share split:</b>		
Deferred ordinary shares of £0.74 each	-	2,910,301
Ordinary shares of £0.01 each	-	39,329
Ordinary Shares issued to acquire Enables IT Limited	11,909,586	119,096
Ordinary Share subscriptions	2,649,676	26,497
At 30 September 2013	18,492,101	3,095,223

Under reverse acquisition accounting principles the share capital presented at 30 September 2013 is that of the legal parent, Enables IT Group plc and the comparative is that of the legal subsidiary Enables IT Limited.

# ENABLES IT GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS

### AT 30 SEPTEMBER 2013

	No. of shares	£
<b>Reconciliation – Allotted, called up and fully paid</b>		
At 1 October 2012	1,633	1,633
Shares issued in the year		
Shares issued by legal parent prior to reverse acquisition	3,932,839	2,949,630
Shares issued by legal parent on reverse acquisition	11,909,586	119,096
Shares issued at £0.36 each	2,527,722	25,277
Shares issued at £0.41 each	121,954	1,220
Reverse acquisition adjustment	(1,633)	(1,633)
<b>At 30 September 2013</b>	<b>18,492,101</b>	<b>3,095,223</b>

#### Share option schemes

On 6 April 2001 the Company adopted an Enterprise Management Incentive Scheme. As set out below during the year the Company did not grant any options (2012 Nil options). Due to the value of these options or the tax status of the recipients, none of these options will be treated as if they were issued under an unapproved share option scheme. No provision is made for National Insurance on the options, which are exercisable at the balance sheet date due to a joint election in place between the Company and the individual under which the individual has agreed to take on the Company's National Insurance liability.

Details of the number of share options and the weighted average exercise price (WAEP) outstanding during the year are as follows:

	2013	WAEP	2012	WAEP
	Number	Pence	Number	Pence
Outstanding at the beginning of the year	652,376	189p	955,354	189p
Granted during the year	-	-	-	-
Exercised during the year	-	-	-	-
Lapsed during the year	(137,685)	195p	(302,978)	183p
<b>Outstanding at the end of the year</b>	<b>514,691</b>	<b>186p</b>	<b>652,376</b>	<b>177p</b>
<b>Exercisable at the end of the year</b>	<b>514,691</b>	<b>186p</b>	<b>652,376</b>	<b>177p</b>

The weighted average share price at the date of exercise for share options exercised during the year was nil (2012 nil).

# ENABLES IT GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS

### AT 30 SEPTEMBER 2013

At 30 September 2013 the following options were granted but not exercised. No options were granted to any of the directors of the Company.

- i) 147,383 options at 180p per share exercisable between 2/8/04 and 1/2/14
- ii) 8,197 options at 183p per share exercisable between 1/7/04 and 1/2/14
- iii) 9,896 options at 204p per share exercisable between 9/12/04 and 8/6/14
- iv) 4,587 options at 327p per share exercisable between 1/2/05 and 1/8/14
- v) 37,884 options at 225p per share exercisable between 1/10/05 and 17/5/15
- vi) 7,936 options at 189p per share exercisable between 29/9/05 and 27/4/14
- vii) 123,508 options at 177p per share exercisable between 18/11/05 and 17/5/15
- viii) 8,000 options at 147p per share exercisable between 31/5/06 and 31/5/15
- ix) 17,241 options at 174p per share exercisable between 13/10/06 and 12/4/16
- x) 12,000 options at 189p per share exercisable between 16/4/07 and 15/10/16
- xi) 1,158 options at 225p per share exercisable between 16/4/07 and 15/10/16
- xii) 1,220 options at 492p per share exercisable between 1/8/07 and 31/1/17
- xiii) 17,000 options at 195p per share exercisable between 3/9/09 and 8/12/18
- xiv) 11,111 options at 243p per share exercisable between 17/2/10 and 16/2/19
- xv) 1,667 options at 120p per share exercisable between 15/6/11 and 14/6/20

The options outstanding at the end of the year have a range of exercise prices from 120p to 492p. The estimate fair values of options granted since 30 July 2003 were calculated using the Black-Scholes option pricing model with the following inputs and subsequent assumptions:

Grant date	02 Feb 04	02 Feb 04	09 Jun 04	02 Aug 04	28 Apr 05	18 May 05
Share price at grant date	1 5900	1 5900	1 7700	2 8500	1 6500	1 4250
Exercise price	1 8000	1 8000	2 0400	3 2700	1 8900	2 2500
Number of employees	7	7	6	3	3	40
Shares under option	147,383	19,126	89,869	4,587	7,937	37,884
Vesting period (years)	0.5	0.5	0.5	0.5	0.5	3
Expected volatility	85%	85%	85%	85%	78%	78%
Option life (years)	10	10	10	10	10	10
Expected life (years)	10	10	10	10	10	10
Risk free rates	4.60%	4.60%	4.60%	4.60%	4.60%	4.60%
Expected dividends	-	-	-	-	-	-
Fair value per option	1 0200	1 0200	1 1400	1 8300	1 0200	0 8400



# ENABLES IT GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS

### AT 30 SEPTEMBER 2013

Grant date	18 May 05	31 May 05	13 Apr 06	16 Oct 06	16 Oct 06	16 Oct 06
Share price at grant date	1 4250	1 2750	1 5000	1 8750	1 8750	1 8900
Exercise price	1 7700	1 4700	1 7400	1 8750	1 8750	2 2500
Number of employees	6	9	3	3	2	1
Shares under option	123,509	8,000	17,241	8,000	4,000	1,158
Vesting period (years)	0 5	3	0 5	0 5	3	3
Expected volatility	78%	78%	78%	78%	79%	77%
Option life (years)	10	10	10	10	10	10
Expected life (years)	10	10	10	10	10	10
Risk free rates	4 60%	4 60%	4 60%	4 60%	4.60%	4 60%
Expected dividends	-	-	-	-	-	-
Fair value per option	0 8700	0 7800	0 9300	1 1700	1 1700	1 1400

Grant date	01 Feb 07	09 Dec 08	17 Feb 09	15 Jun 10
Share price at grant date	4 9200	1 6800	2 4300	0 9000
Exercise price	4 9200	1 9500	2 4300	1 2000
Number of employees	2	7	3	7
Shares under option	1,220	17,000	11,111	16,667
Vesting period (years)	3	3	3	3
Expected volatility	79%	66%	65%	65%
Option life (years)	10	10	10	10
Expected life (years)	10	10	10	10
Risk free rates	4 60%	4 50%	4 50%	2 50%
Expected dividends	-	-	-	-
Fair value per option	3 0900	0 9300	1 3800	0 4500

No other conditions were included in the fair value calculations

The expected volatility is based on historical volatility over the expected life period. The expected life of the average expected period to exercise based on historical experience. The risk free rate of return is the yield on zero-coupon UK government bonds of a term consistent with the assumed option life.

On 26 November 2012, the 1,179,851,765 issued ordinary shares of £0.01 each in the capital of the Company were consolidated into new ordinary shares of £0.75 each in the capital of the Company on the basis of 1 consolidated ordinary share for every 300 existing ordinary shares.

# ENABLES IT GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS

AT 30 SEPTEMBER 2013

### 22. RESERVES

	Share premium account	Retained earnings	Foreign currency reserves	Other reserve	Merger reserve	Reverse acquisition reserve	Share options reserve
	£	£	£	£	£	£	£
<b>Group</b>							
Balance at 1 October 2012	-	(9,222)	-	-	-	-	-
Legal parent reserves prior to reverse acquisition	5,128,950		(114,098)	38,876			972,874
Currency exchange	-	-	2,410	-	-	-	-
Shares issued by the legal parent on reverse acquisition	-	-	-	-	1,001,763	-	-
Premium in respect of shares issued in the year	933,483	-	-	-	-	-	-
Cost of fundraising	(71,649)	-	-	-	-	-	-
Repayment of convertible loan notes	-	-	-	(38,876)	-	-	-
Reverse acquisition adjustment	-	-	-	-	-	(8,977,072)	-
Share based payment charge							1,965
Retained loss for the year	-	(303,839)	-	-	-	-	-
As at 30 September 2013	<b>5,990,784</b>	<b>(313,061)</b>	<b>(111,688)</b>	<b>-</b>	<b>1,001,763</b>	<b>(8,977,072)</b>	<b>974,839</b>

	Share premium account	Retained earnings	Other reserve	Share options reserve	Merger reserve
	£	£	£	£	£
<b>Company</b>					
Balance at 1 October 2012	5,128,950	(8,265,867)	38,876	972,874	-
Reverse acquisition adjustment					1,001,763
Currency exchange					
Premium in respect of shares issued in the year	933,483	-	-	-	-
Share based payment charge	-	-	-	1,965	-
Cost of fundraising	(71,649)	-	-	-	-
Repayment of convertible loan notes	-	-	(38,876)	-	-
Retained profit for the year	-	429,812	-	-	-
As at 30 September 2013	<b>5,990,784</b>	<b>(7,836,055)</b>	<b>-</b>	<b>974,839</b>	<b>1,001,763</b>

# ENABLES IT GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS

AT 30 SEPTEMBER 2013

### 23. COMMITMENTS UNDER OPERATING LEASES

Future minimum operating lease payments for the Group were as follows

	2013 £	2012 £
<b>Land and buildings</b>		
In one year or less	-	-
Between one and five years	-	-
Over five years	178,852	-
	<u>178,852</u>	<u>-</u>

The main operating leases within the Group are

#### 4 Industrial Parkway, Maine

The property is the subject of a 10 year lease, commencing in 2009. If Enables IT Inc is not in arrears, the lease will be automatically renewed for 2 further periods, each of 5 years. Enables IT Inc can terminate the lease by giving the landlord notice of 180 days. The rent is currently £106,652 per annum, increasing by 2.5% annually. If the rent payment is late, the landlord charges a late payment fee of 5% of the rent.

#### Unit 5, Mole Business Park, Randalls Road, Leatherhead, Surrey

The Group entered into a 10 year lease commencing June 2012 for the property at Unit 5, Mole Business Park, Randalls Road, Leatherhead, Surrey KT22 7BA. The rent/service charge was £31,726 per annum up to July 2013 and increased to £57,976 thereafter.

The Group terminated the leases at 120 Moorgate, London and Station Square, Dornoch, Sutherland, Scotland during the year. There were no liabilities in respect of these properties at 30 September 2013.

### 24. CAPITAL COMMITMENTS

As at 30 September 2013, the Group and Company had no capital commitments (2012: £270,000).

### 25. POST BALANCE SHEET EVENTS

On 1 December 2013, the company acquired the assets and business of Know Technology LLC, a company based in the USA for £935,013 (\$1,500,000), which was satisfied by a cash payment of £621,041 and the issue of 738,757 Ordinary shares.

# ENABLES IT GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS

AT 30 SEPTEMBER 2013

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### 26. RELATED PARTY TRANSACTIONS

#### Group

The key management personnel of the Group comprise members of the Enables IT Group plc Board of Directors and the Managing Directors of the Group's subsidiary undertakings

The key management personnel compensation is as follows

	2013	2012
	£	£
Remuneration including benefits in kind and pension	383,871	-
Share based payments	1,965	-
	<u>385,836</u>	<u>-</u>

#### Company

At 30 September 2013 the following amounts were due from/(to) related companies

	2013	2012
	£	£
Enables IT (UK) Limited	380,359	-
Enables IT Limited	(97,994)	-
Enables IT Inc	460,547	-
The Support Force Group Limited	100,000	-
PC Medics Group Limited	17,281	-
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### 27. CONTROLLING PARTY

The Directors consider there to be no ultimate controlling party