

FLOMATIK NETWORK SERVICES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

FLOMATIK NETWORK SERVICES LIMITED

COMPANY INFORMATION

DIRECTORS	K J Barrie (resigned 31 December 2022) J P Hyytiainen C H McKinney D C Checkley
COMPANY SECRETARY	C H McKinney
REGISTERED NUMBER	06080342
REGISTERED OFFICE	Fort Dunlop Fort Parkway Suite 215 & 216 Birmingham England B24 9FD
INDEPENDENT AUDITORS	Price Bailey LLP Chartered Accountants & Statutory Auditors Tennyson House Cambridge Business Park Cambridge CB4 0WZ

FLOMATIK NETWORK SERVICES LIMITED

CONTENTS

	Page
Strategic Report	1 - 2
Directors' Report	3 - 4
Independent Auditors' Report	5 - 8
Statement of Income and Retained Earnings	9
Balance Sheet	10
Notes to the Financial Statements	11 - 20

FLOMATIK NETWORK SERVICES LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present their strategic report for the year ending 31 December 2022.

BUSINESS REVIEW

The Company's principal activity during the year remained the supply of consultancy; fibre and transmission design; survey; project delivery and fibre and transmission field engineering services for the planning, design, and implementation; commission and decommissioning of telecommunication networks.

During 2022 the Company continued to experience sustained growth with the addition of new customers in the AltNet sector whilst increasing workstream activity with our strategic customer, however with the rising cost of inflation being experienced in the UK, we continued to experience volatility in the forecasted demand from all our client base who deliver telecommunication networks and associated services.

Growth in the overall AltNet sector slowed towards the end of quarter three of 2022 as investment in new network build slowed to focus more on consumer conversion, however this was offset by an increasing demand of our fibre engineering services within our strategic customer, thus enabling Flomatik to hit its financial KPI's for 2022.

As the Executive team established itself, so too were the new operating model and associated processes which enabled us to drive greater levels of consistency in our approach in delivering the services to the highest standards our customers expect. Within the AltNet sector, our matured approach has enabled us to secure multiyear termed contracts and associated extensions with both existing and new customers, demonstrating our commitment and focus in providing high quality services at the time our customers need them.

With the continued emphasis on our people, both our Values Champions and our Wellbeing Champions have established themselves well into the everyday fabric of our business. Ensuring our colleagues experience with Flomatik is a fulfilling one, new initiatives and greater levels of communications by these teams has ensured that our colleagues' welfare is at the forefront of our strategy and everyone's contribution is valued and recognised.

Flomatik recognises the importance the ESG (Environmental, Social and corporate Governance) agenda has on both our environment and also the importance our colleagues (present and future) are placing on having a robust ESG strategy. Therefore during 2022, we implemented our ESG strategy to ensure that as a Business our Corporate and Social Responsibilities were brought to the fore. Partnering with Ecologi and establishing parameters linked to both internal Key Performance Indicators and our Customers positive progress, we have contributed significant value to offset not only our own but our customers carbon footprint.

Continued focus on automation on toolsets for our planning; survey and field engineering capabilities brought greater levels of efficiency in our day-to-day operation and supported our continued focus on Quality and Quantity. Through this approach, it allowed our customers and clients to achieve cost effective network solutions and continued to enable a better transition into build.

As we continued to build on our existing customer base in 2022, our focus in 2023 will be to strengthen our portfolio as we expand our service offerings to incorporate European growth and new vertical sectors in Transport; Utilises and E.V.

Key Performance Indicators

As we continued to secure new customers and workstreams during 2022, the volatility experienced across the telecommunications sector resulted in a comparable turnover of £10,045k (2021: £10,047k); however, through the efficiencies created by the new Operation Model and innovation our resulting operating loss was reduced to £117k (2021: £628k).

FLOMATIK NETWORK SERVICES LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

PRINCIPAL RISKS AND UNCERTAINTIES

Increased pressure of rising inflation and interest rates across the UK has shifted focus in the AltNet sector to improve consumer conversion rates. For our strategic customer a slow down in new workstreams could become a reality during 2023 as they look to rollout an FTTP network. Whilst this volatility continues to pose a threat on future growth aspirations within the sector in the short term; long term complementary service offerings introduced to support both the existing and new sectors in 2023 will help off-set any delta experienced.

Utilising our existing capabilities, Flomatik's opportunities to transition into new sectors during 2023 and beyond will provide a level of security for the business to grow and build upon.

As we look to formalise a new hybrid way of working for our colleagues in 2023, it means a greater level of connectedness for our teams will become the normal way of working.

FUTURE DEVELOPMENTS

Whilst the Governments initiative to deliver full fibre broadband to every home in the UK by 2030, the slow down in build could jeopardise the aspirational targets to hit 85% of the UK population by 2025. This does provide other opportunities for Flomatik to deliver new complementary services from 2023 which supports other focused areas of consultancy; network due-diligence (As-Built verification); Field Engineering services such as Test;Rod;Rope and Fibre engineering in the UK whilst expanding our capability into Europe and new vertical sectors.

Our continued focus on Quality and Quantity remains a priority strategy for us in all sectors, thus providing the key differentiator that will help us grow and stabilise our customer base during 2023.

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

D C Checkley
Director

Date: 26 September 2023

FLOMATIK NETWORK SERVICES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present their report and the financial statements for the year ended 31 December 2022.

DIRECTORS

The directors who served during the year were:

K J Barrie (resigned 31 December 2022)
J P Hyytiainen
C H McKinney
D C Checkley

RESULTS AND DIVIDENDS

The loss for the year, after taxation, amounted to £101,099 (2021 - loss £508,753).

No dividend was proposed for the year.

DIRECTORS' RESPONSIBILITIES STATEMENT

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

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

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

DISCLOSURE OF INFORMATION TO AUDITORS

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

- so far as 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 ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

POST BALANCE SHEET EVENTS

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

FLOMATIK NETWORK SERVICES LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

AUDITORS

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

This report was approved by the board on 26 September 2023 and signed on its behalf.

.....
D C Checkley
Director

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FLOMATIK NETWORK SERVICES LIMITED

OPINION

We have audited the financial statements of Flomatik Network Services Limited (the 'Company') for the year ended 31 December 2022, which comprise the Statement of Income and Retained Earnings, the Balance Sheet and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FLOMATIK NETWORK SERVICES LIMITED (CONTINUED)

OTHER INFORMATION

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' Report thereon. The directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

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

RESPONSIBILITIES OF DIRECTORS

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

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FLOMATIK NETWORK SERVICES LIMITED (CONTINUED)

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We gained an understanding of the legal and regulatory framework applicable to the company and the industry in which it operates and considered the risk of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations. This included those regulations directly related to the financial statements, including financial reporting, tax legislation and distributable profits and industry regulations including GDPR, employment law and health and safety.

We communicated the identified laws and regulations with the audit team and remained alert to any indications

of non-compliance throughout the audit. We carried out specific procedures to address the risks identified.

These included the following:

-agreeing the financial statement disclosures to underlying supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;

-enquiries of management including those responsible for key regulations;

-performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;

-reviewing minutes of board meetings.

In addressing the risk of management override of controls, we carried out testing of journal entries and other adjustments for appropriateness, assessing whether the judgements made in making accounting estimates are indicative of a potential bias and evaluating the business rationale of significant transactions outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance.

The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FLOMATIK NETWORK SERVICES LIMITED (CONTINUED)

USE OF OUR REPORT

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

Andrew Booth (Senior Statutory Auditor)

for and on behalf of

Price Bailey LLP

Chartered Accountants

Statutory Auditors

Tennyson House

Cambridge Business Park

Cambridge

CB4 0WZ

Date: 27 September 2023

FLOMATIK NETWORK SERVICES LIMITED

**STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Note	2022 £	2021 £
Turnover	3	10,044,901	10,047,881
Cost of sales		<u>(7,252,505)</u>	<u>(8,067,379)</u>
Gross profit		2,792,396	1,980,502
Administrative expenses		(2,909,335)	(2,635,283)
Other operating income	4	<u>-</u>	<u>26,909</u>
Operating loss		(116,939)	(627,872)
Interest receivable and similar income	6	<u>10,479</u>	<u>117</u>
Loss before tax		(106,460)	(627,755)
Tax on loss	7	<u>5,361</u>	<u>119,002</u>
Loss after tax		<u><u>(101,099)</u></u>	<u><u>(508,753)</u></u>
Retained earnings at the beginning of the year		<u>1,675,555</u>	<u>2,184,308</u>
		1,675,555	2,184,308
Loss for the year		<u>(101,099)</u>	<u>(508,753)</u>
Retained earnings at the end of the year		<u><u>1,574,456</u></u>	<u><u>1,675,555</u></u>

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

FLOMATIK NETWORK SERVICES LIMITED
REGISTERED NUMBER: 06080342

BALANCE SHEET
AS AT 31 DECEMBER 2022

	Note	2022 £	2021 £
Fixed assets			
Tangible assets	9	151,441	186,823
Current assets			
Debtors: amounts falling due after more than one year	10	-	18,600
Debtors: amounts falling due within one year	10	2,672,924	2,683,218
Cash at bank and in hand	11	919,858	51,508
		3,592,782	2,753,326
Creditors: amounts falling due within one year	12	(2,169,765)	(1,259,804)
		1,423,017	1,493,522
Net current assets		1,423,017	1,493,522
Total assets less current liabilities		1,574,458	1,680,345
Provisions for liabilities			
Deferred tax		-	(4,788)
		-	(4,788)
Net assets		1,574,458	1,675,557
Capital and reserves			
Called up share capital	13	2	2
Profit and loss account		1,574,456	1,675,555
		1,574,458	1,675,557

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 26 September 2023.

.....
D C Checkley

Director

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

FLOMATIK NETWORK SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

1. GENERAL INFORMATION

Flomatik Network Services Limited is a private Company limited by shares incorporated in England and Wales, United Kingdom. The address of the registered office is Fort Dunlop, Fort Parkway, Suite 215 & 216, Birmingham, England, B24 9FD.

The nature of the Company's operations and principal activity during the year was the supply of consultancy and design services for planning and implementation networks, augmented by the provision of national engineering services for network deployment.

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The accounts have been rounded to the nearest pound.

The following principal accounting policies have been applied:

2.2 GOING CONCERN

The directors have prepared cash flow projections which cover a period in excess of twelve months of the date of approval of these financial statements. These projections indicate that the Company will be reliant on the continued support of the parent Company in regards to credit facilities forwarded to them. The directors have received assurances from the Parent Company via a letter of support confirming that they will continue to provide funding and support as required for a period of at least twelve months from approval of these financial statements.

Whilst future uncertainty is present across the economy, the directors believe the Company is in a good position. Accordingly, the going concern basis has been adopted in preparing the financial statements.

2.3 TURNOVER

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, Value Added Tax and other sales taxes.

2.4 INTANGIBLE ASSETS

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

Computer software	-	3	years
-------------------	---	---	-------

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

2. ACCOUNTING POLICIES (CONTINUED)

2.5 TANGIBLE FIXED ASSETS

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

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

Depreciation is provided on the following basis:

Improvements to property	- 10% straight line basis
Plant & machinery	- 33% straight line basis
Computer equipment	- 33% straight line basis

2.6 DEBTORS

Short term debtors are measured at transaction price, less any impairment.

2.7 CASH AND CASH EQUIVALENTS

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

2. ACCOUNTING POLICIES (CONTINUED)

2.8 FINANCIAL INSTRUMENTS

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Income and Retained Earnings.

2.9 CREDITORS

Short term creditors are measured at the transaction price.

2.10 FOREIGN CURRENCY TRANSLATION

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

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

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

2.11 OPERATING LEASES: THE COMPANY AS LESSEE

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

2.12 LEASED ASSETS: THE COMPANY AS LESSEE

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

2. ACCOUNTING POLICIES (CONTINUED)

2.13 PENSIONS

Defined contribution pension plan

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

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

2.14 INTEREST INCOME

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

2.15 PROVISIONS FOR LIABILITIES

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

2.16 CORPORATION AND DEFERRED TAXATION

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

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

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

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

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

FLOMATIK NETWORK SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

3. TURNOVER

The whole of the turnover is attributable to the provision and supply of consultancy and design services for the implementation of network solutions.

All turnover arose within the United Kingdom.

4. OTHER OPERATING INCOME

	2022	2021
	£	£
Other operating income	<u>-</u>	<u>26,909</u>

During the year ended 31 December 2022, the Company recognised an amount totalling £NIL (2021 - £26,909) receivable under the UK Government's Coronavirus Job Retention Scheme.

5. EMPLOYEES

The average monthly number of employees, including directors, during the year was 99 (2021 - 134).

6. INTEREST RECEIVABLE

	2022	2021
	£	£
Interest receivable from group companies	<u>10,479</u>	<u>117</u>

7. TAXATION

	2022	2021
	£	£
Corporation tax		
Current tax on profits for the year	-	(110,094)
Total current tax	<u>-</u>	<u>(110,094)</u>
Deferred tax		
Origination and reversal of timing differences	(5,361)	(8,908)
Taxation on loss on ordinary activities	<u>(5,361)</u>	<u>(119,002)</u>

FLOMATIK NETWORK SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

7. TAXATION (CONTINUED)

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is higher than (2021 - higher than) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

	2022 £	2021 £
Loss on ordinary activities before tax	<u>(106,460)</u>	<u>(627,755)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	(20,227)	(119,273)
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	4,265	549
Capital allowances for year in excess of depreciation	4,932	7,344
Short-term timing difference leading to an increase (decrease) in taxation	(5,361)	(8,908)
Changes in provisions leading to an increase (decrease) in the tax charge	1,854	1,286
Unrelieved tax losses carried forward	9,176	-
Total tax charge for the year	<u><u>(5,361)</u></u>	<u><u>(119,002)</u></u>

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

In March 2021, the UK Government proposed that the main rate of corporation tax would increase from 19% to 25% with effect from 1 April 2023. The Finance Bill was substantively enacted on 24 May 2021. No adjustments have been considered necessary to reflect these changes.

FLOMATIK NETWORK SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

8. INTANGIBLE ASSETS

	Computer software £
Cost	
At 1 January 2022	124,248
At 31 December 2022	<u>124,248</u>
Amortisation	
At 1 January 2022	124,248
At 31 December 2022	<u>124,248</u>
Net book value	
At 31 December 2022	<u><u>-</u></u>
At 31 December 2021	<u><u>-</u></u>

FLOMATIK NETWORK SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

9. TANGIBLE FIXED ASSETS

	Improvement to property £	Plant & machinery £	Computer equipment £	Total £
COST				
At 1 January 2022	192,873	92,134	348,730	633,737
Additions	-	23,660	14,239	37,899
Disposals	(32,608)	-	-	(32,608)
At 31 December 2022	<u>160,265</u>	<u>115,794</u>	<u>362,969</u>	<u>639,028</u>
Depreciation				
At 1 January 2022	42,720	92,134	312,060	446,914
Charge for the year on owned assets	19,357	6,616	27,130	53,103
Disposals	(12,430)	-	-	(12,430)
At 31 December 2022	<u>49,647</u>	<u>98,750</u>	<u>339,190</u>	<u>487,587</u>
Net book value				
At 31 December 2022	<u>110,618</u>	<u>17,044</u>	<u>23,779</u>	<u>151,441</u>
At 31 December 2021	<u>150,153</u>	<u>-</u>	<u>36,670</u>	<u>186,823</u>

FLOMATIK NETWORK SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

10. DEBTORS

	2022 £	2021 £
Due after more than one year		
Other debtors	<u>-</u>	<u>18,600</u>
	2022 £	2021 £
Due within one year		
Trade debtors	1,800,030	1,797,689
Amounts owed by group undertakings	13,050	63
Other debtors	85,022	65,325
Prepayments and accrued income	774,249	820,141
Deferred taxation	573	-
	<u>2,672,924</u>	<u>2,683,218</u>

11. CASH AND CASH EQUIVALENTS

	2022 £	2021 £
Cash at bank and in hand	<u>919,858</u>	<u>51,508</u>

12. CREDITORS: Amounts falling due within one year

	2022 £	2021 £
Trade creditors	152,546	302,465
Amounts owed to group undertakings	1,067,746	168,607
Other taxation and social security	561,244	531,652
Other creditors	31,133	32,901
Accruals and deferred income	357,096	224,179
	<u>2,169,765</u>	<u>1,259,804</u>

FLOMATIK NETWORK SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

13. SHARE CAPITAL

	2022	2021
	£	£
Allotted, called up and fully paid		
2 (2021 - 2) Ordinary shares of £1.00 each	<u>2</u>	<u>2</u>

14. PENSION COMMITMENTS

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £225,794 (2021 - £252,896). Contributions totalling £30,719 (2021 - £31,203) were payable to the fund at the balance sheet date.

15. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2022 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2022	2021
	£	£
Not later than 1 year	202,045	228,188
Later than 1 year and not later than 5 years	<u>156,810</u>	<u>288,127</u>
	<u>358,855</u>	<u>516,315</u>

16. RELATED PARTY TRANSACTIONS

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

17. CONTROLLING PARTY

The company's immediate holding company, ultimate holding company and ultimate controlling party is Teleste Oyj, a company incorporated in Finland.

Copies of the Financial Statements of Teleste Oyj can be obtained from PO Box 323, Finland-20101, Turku, Finland.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.