

REGISTERED NUMBER: 05448638 (England and Wales)

**STRATEGIC REPORT, REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022
FOR
4NET TECHNOLOGIES LTD**

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FOR THE YEAR ENDED 30 JUNE 2022**

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4NET TECHNOLOGIES LTD

**COMPANY INFORMATION
FOR THE YEAR ENDED 30 JUNE 2022**

DIRECTORS:

Mr R Pennington
Mr S Tyrrell
Mr C Malthouse

REGISTERED OFFICE:

3 Scholar Green Road
Cobra Court
Trafford Park
Manchester
M32 0TR

REGISTERED NUMBER:

05448638 (England and Wales)

INDEPENDENT AUDITORS:

Harold Sharp Limited
Statutory Auditors and Chartered Accountants
5 Brooklands Place
Brooklands Road
Sale
Cheshire
M33 3SD

**STRATEGIC REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

The directors present their strategic report for the year ended 30 June 2022.

REVIEW OF BUSINESS

Financial period to 30th June 2022 has continued to present a number of challenges across the market.

Most Covid - 19 legal limits surrounding social contacts were removed by the government in early summer 2021, however uncertainty prevailed in early Autumn 2021 following the spread of the Omicron variant, leading to customer uncertainty. Further to these outbreaks the market was also impacted by a shortage in semiconductors chips leading to high prices and long lead time.

Key financial metrics	2022	2021	% change
Revenue	36,909,674	38,378,770	-3.8%
Gross margin	14,940,349	13,963,579	+7.0%
Operating profit	3,674,972	3,496,035	+5.2%
Profit before tax	3,674,997	3,496,676	+5.1%

4Net Technologies Limited's revenue for financial year June 22 were slightly down compared to 2021 (2022: £36.9m, 2021: £38.4m), however a stronger product portfolio has led to stronger margins for June 22 being £14.9m, an increase of 7% on previous year.

This growth was largely due to the continued success of the company's cloud platforms; Antenna (Government) and Agile Cloud, but also due to continued significant wins in the Emergency services market.

In June 2021 it was announced that Project Eaton Topco LTD had acquired 4Net's ultimate parent 4Net holdings LTD. Project Eaton Topco includes investment from Palatine Private Equity LLP, Kartesia and 4Net's senior management team.

During the financial period we were recognised by multiple independent awards bodies for our financial performance, our technical capabilities and our customer solutions. We increased our ranking from 49 to 36 in the Megabyte50 best-performing privately-owned technology companies and were placed in the top 20 Greater Manchester Tech Companies in the EY-sponsored Tech 50 awards. Our ANTENNA and Connecting Wales cloud platforms were recognised again as industry leaders at the European ITE, Comms Business and Comms National awards and our innovative work with Grand Union Housing Group led to a finalist position in the Housing Digital Innovation Awards.

FY23 promises continued growth with revenues forecast to grow by approximately 10% as the business continues to benefit from already contracted new cloud and managed service wins and expected wins from new frameworks. Cashflow forecast remains strong.

**STRATEGIC REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

PRINCIPAL RISKS AND UNCERTAINTIES

The Covid -19 pandemic continues to poses potential risks to many companies. While 4Net have not suffered any major effects from this, the risks to us from customer investment levels being changed or delayed has been something the Senior Management Team have been aware of and taking action in order to mitigate the impact. This has resulted in changes to our product and supplier portfolios to ensure we can offer our customers a range of flexible communications platforms which suit their ever-changing needs. We have also ensured we are continuously improving our employee skill set through a mixture of recruitment and training.

The shortage in semiconductors chips is a wider market issue affecting a number of sectors across the world, resulting in a long equipment lead times, and higher prices. Price increases generally have an impact across the technology sector; therefore the competitiveness risk is mitigated, however the increase in price will has led to an adverse effect on customers appetite to procure. Most of 4Net's sales are bespoke solutions, which require more engineering time, hence the shortage in chips has had a small impact on sales volume. The long lead times tend to be a challenging with projects being on hold. 4Net have mitigated this risk by increasing its supplier portfolio and also procuring equipment earlier in the install stage of a project.

During the period, 4Net mitigated risk from our historical reliance on two key suppliers (namely Avaya and Enghouse) by reviewing and expanding our product portfolio. We conducted extensive market analysis and engaged with key industry analysts (e.g. Gartner) to identify the industry leaders in our traditional marketplace (communication, collaboration and contact centres) and new periphery markets that we are expanding into (networking, security and CX solutions). This has resulted in the addition of the NICE CXone and the Content Guru Storm CCaaS solutions to the portfolio; we have enhanced our Extreme networking capabilities via the C>Ways acquisition and organically grown our Fortinet security skills during the period. These activities mitigate the reputational and contractual risk associated with Avaya and enable 4Net to offer alternatives to our customers.

Loss of market competitiveness is a risk should the Company fail to keep up with the introduction of new technological advances. The Company operates and maintains Cloud infrastructure platforms that are utilised by its customers. 4Net run a continual improvement process, whereby we measure the competitiveness of our services, and in particular, our Cloud platforms against our competitors. We constantly analyse the market and engage with our customers to predict future demand; we have formally introduced a product portfolio board that meets on a quarterly basis to steer our solutions road map ensuring we are constantly innovating and responding to market demand.

**STRATEGIC REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

SECTION 172(1) STATEMENT

Section 172 of the companies Act 2006 requires directors to act in a way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its shareholders as a whole and, in doing so have regard (amongst other matters) to:

- a. the likely consequences of any decisions in the long-term;
- b. the interests of the company's employees;
- c. the need to foster the company's business relationships with suppliers, customers and others;
- d. the impact of the company's operations on the community and environment;
- e. the desirability of the company maintaining a reputation for high standards of business conduct; and
- f. the need to act fairly as between shareholders of the Company.'

The requirement of section 172(1) of the companies Act 2006 and the interest of the company's stakeholder groups are taken into consideration through a combination of the following

Risk Management

We provide business-critical services to our clients, often in highly regulated environments. As we grow, our business and our risk environment also become more complex. It is therefore vital that we effectively identify, evaluate, manage and mitigate the risks we face, and that we continue to evolve our approach to risk management.

Our People

The Company is built around the knowledge and experience of our employees and we work hard to demonstrate attractive career paths to our teams and to help them to reach their full potential.

Wellbeing has become a focal point since the pandemic and it's important to us that our employees can find success in all parts of their lives and we are proud of our established approach to supporting them to do this, which now includes the transition to hybrid working model.

Talent is at the centre of our business strategy. Ensuring that we have the right people in the right roles with the right knowledge and experience to drive the business forward is key to our long term success. We do this in a variety of ways, recognising the many different learning styles across our teams.

Business Relationships

Our strategy prioritises organic growth, driven by maintaining existing clients relationships and bringing new clients into the Group. We develop and maintain strong client relationships through by having a collaborative approach with our customers to develop innovations to meet their needs.

Supply chain integrity is a critical part of the business as the Group relies on its suppliers to help meet customer needs. Engagement with suppliers is via the Group's commercial teams as well as through other functions including Finance, Legal and Compliance. The Board receives information through Board and other business reports.

Community and Environment

The Company's approach is to use our position of strength to create positive change for the people and communities with which we interact. We want to leverage our expertise and enable colleagues to support the communities around us.

Culture and Values

The Board recognises the importance of having the right corporate culture. Our long-term success depends on achieving our strategic goals in the right way, so we look after the best interests of our clients, people and other stakeholders. Through the use of employee and management workshops, we identified four core values that govern how we act as a business.

Investors

The Board is committed to openly engaging with our investors, as we recognise the importance of a continuing effective dialogue, whether with private investors or employee shareholders. It is important to us that investors understand our strategy and objectives, so these must be explained clearly, feedback heard and any issues or questions raised properly considered.

ON BEHALF OF THE BOARD:

**STRATEGIC REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

Mr C Malthouse - Director

30 March 2023

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 30 JUNE 2022**

The directors present their report with the financial statements of the company for the year ended 30 June 2022.

DIVIDENDS

The total distribution of dividends for the period ended 30 June 2022 will be £nil (2021: £nil).

DIRECTORS

The directors shown below have held office during the whole of the period from 1 July 2021 to the date of this report.

Mr R Pennington
Mr S Tyrrell
Mr C Malthouse

CHARITABLE DONATIONS

During the year the company made charitable donations of £2,166 (2021: £2,170), none of which were for political causes.

DIRECTORS INDEMNITIES

The company has currently made qualifying third party indemnity provisions for the benefit of its directors, which remain in force at the date of this report.

DISCLOSURE IN THE STRATEGIC REPORT

The directors have chosen to disclose the s172 statement within the Strategic Report, along with corporate governance arrangements and engagement with suppliers, customers and others. Streamlined Energy and Carbon Reporting is included within the parent company's financial statements.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

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

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 30 JUNE 2022**

AUDITORS

The auditors, Harold Sharp Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

Mr C Malthouse - Director

30 March 2023

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF 4NET TECHNOLOGIES LTD

Opinion

We have audited the financial statements of 4Net Technologies Ltd (the 'company') for the year ended 30 June 2022 which comprise the Income Statement, Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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.

Other information

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether 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.

Opinions on other matters prescribed by the Companies Act 2006

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

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

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
4NET TECHNOLOGIES LTD**

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

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

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

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF 4NET TECHNOLOGIES LTD

Auditors' responsibilities for the audit of the financial statements

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

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

As part of our planning process:

- We enquired of management the systems and controls the company has in place, the areas of the financial statements that are mostly susceptible to the risk of irregularities and fraud, and whether there was any known, suspected or alleged fraud.
- We obtained an understanding of the legal and regulatory frameworks applicable to the company. We determined that the following were most relevant: FRS 102, Companies Act 2006, health and safety, and employment law.
- We considered the incentives and opportunities that exist in the company, including the extent of management bias, which present a potential for irregularities and fraud to be perpetuated, and tailored our risk assessment accordingly.
- Using our knowledge of the company, together with the discussions held with the company at the planning stage, we formed a conclusion on the risk of misstatement due to irregularities including fraud and tailored our procedures according to this risk assessment.

The key procedures we undertook to detect irregularities including fraud during the course of the audit included:

- Identifying and testing journal entries and the overall accounting records, in particular those that were significant and unusual.
- Reviewing the financial statement disclosures and determining whether accounting policies have been appropriately applied.
- Reviewing and challenging the assumptions and judgements used by management in their significant accounting estimates, in particular in relation to depreciation, bad debt provision and accrued costs.
- Assessing the extent of compliance, or lack of, with the relevant laws and regulations in particular those that are central to the entities ability to continue in operation.
- Testing key revenue lines, in particular cut-off, for evidence of management bias.
- Obtaining third-party confirmation of material bank balances.
- Documenting and verifying all significant related party and consolidated balances and transactions.
- Reviewing documentation such as the company board minutes, correspondence with solicitors, for discussions of irregularities including fraud.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements even though we have properly planned and performed our audit in accordance with auditing standards. The primary responsibility for the prevention and detection of irregularities and fraud rests with the directors and management.

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

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
4NET TECHNOLOGIES LTD**

Use of our report

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

Karen Dent (Senior Statutory Auditor)
for and on behalf of Harold Sharp Limited
Statutory Auditors and Chartered Accountants
5 Brooklands Place
Brooklands Road
Sale
Cheshire
M33 3SD

30 March 2023

**INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2022**

	Notes	2022 £	2021 £
TURNOVER	3	36,909,674	38,378,770
Cost of sales		<u>21,969,325</u>	<u>24,415,191</u>
GROSS PROFIT		14,940,349	13,963,579
Administrative expenses		<u>11,265,377</u>	<u>10,467,544</u>
OPERATING PROFIT	5	3,674,972	3,496,035
Interest receivable and similar income		<u>25</u>	<u>641</u>
PROFIT BEFORE TAXATION		3,674,997	3,496,676
Tax on profit	6	<u>789,300</u>	<u>615,127</u>
PROFIT FOR THE FINANCIAL YEAR		<u><u>2,885,697</u></u>	<u><u>2,881,549</u></u>

**OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2022**

	Notes	2022 £	2021 £
PROFIT FOR THE YEAR		2,885,697	2,881,549
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>2,885,697</u>	<u>2,881,549</u>

BALANCE SHEET
30 JUNE 2022

	Notes	2022		2021	
		£	£	£	£
FIXED ASSETS					
Tangible assets	7		642,259		608,166
Investments	8		<u>91</u>		<u>91</u>
			642,350		608,257
CURRENT ASSETS					
Stocks	9	52,175		248,996	
Debtors	10	23,173,396		21,752,554	
Cash at bank		<u>6,930,879</u>		<u>1,772,320</u>	
		30,156,450		23,773,870	
CREDITORS					
Amounts falling due within one year	11	<u>19,030,507</u>		<u>15,507,030</u>	
NET CURRENT ASSETS			<u>11,125,943</u>		<u>8,266,840</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			11,768,293		8,875,097
PROVISIONS FOR LIABILITIES	13		<u>114,509</u>		<u>107,010</u>
NET ASSETS			<u>11,653,784</u>		<u>8,768,087</u>
CAPITAL AND RESERVES					
Called up share capital	14		1,107		1,107
Share premium			149,487		149,487
Retained earnings			<u>11,503,190</u>		<u>8,617,493</u>
SHAREHOLDERS' FUNDS			<u>11,653,784</u>		<u>8,768,087</u>

The financial statements were approved by the Board of Directors and authorised for issue on 30 March 2023 and were signed on its behalf by:

Mr C Malthouse - Director

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2022**

	Called up share capital £	Retained earnings £	Share premium £	Total equity £
Balance at 1 July 2020	1,107	5,735,944	149,487	5,886,538
Changes in equity				
Total comprehensive income	-	2,881,549	-	2,881,549
Balance at 30 June 2021	1,107	8,617,493	149,487	8,768,087
Changes in equity				
Total comprehensive income	-	2,885,697	-	2,885,697
Balance at 30 June 2022	1,107	11,503,190	149,487	11,653,784

The notes form part of these financial statements

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

1. STATUTORY INFORMATION

4Net Technologies Limited is a private company, limited by shares, registered in England and Wales. The company's registered number is 05448638 and the company's registered office is 3 Scholar Green Road, Cobra Court, Trafford Park, Manchester, M32 0TR.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements have been prepared under the historical cost convention, and in accordance with the Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006.

The results are presented for the company as a single entity and the functional and presentation currency of the financial statements is Pound Sterling (£).

Financial Reporting Standard 102 - reduced disclosure exemptions

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

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of paragraphs 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c).

Preparation of consolidated financial statements

The financial statements contain information about 4Net Technologies Ltd as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under Section 400 of the Companies Act 2006 from the requirements to prepare consolidated financial statements as it and its subsidiary undertaking are included by full consolidation in the consolidated financial statements of its parent, Project Eaton Topco Limited, 3 Scholar Green Road, Stretford, Manchester, England, M32 0TR.

Related party exemption

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.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 JUNE 2022**

2. ACCOUNTING POLICIES - continued

Critical accounting judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Work in progress

The directors make judgements as to whether the final outcome on long term assignments can be assessed with reasonable certainty before profits are calculated.

The directors also make judgements as to the amount of profit that is calculated on long term assignments such that it prudently reflects the proportion of the work carried out by the year end by recording turnover and related costs as contract activity progresses.

Trade debtors recoverability

Amounts recoverable on trade debtors are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses. The directors make estimates as to the recoverability of these debts and provide for them accordingly.

Turnover

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

For telephony installations, turnover is recognised when a right to consideration has been obtained through performance on each assignment. Consideration accrues as activity progresses by reference to the value of work performed.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Plant and machinery	- 25% on cost
Fixtures and fittings	- 25% on reducing balance
Computer equipment	- 33% on cost

Investments in subsidiaries

Investments are included at cost less provision for impairment.

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal level of activity. Provision is made for any foreseeable losses where appropriate.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 JUNE 2022**

2. ACCOUNTING POLICIES - continued

Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets, which include work in progress, trade debtors, other debtors, amounts due from group undertakings and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method. Financial assets classified as receivable within one year are not amortised.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities, including trade creditors and other creditors, that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Financial liabilities are derecognised when, and only when, the company's contractual obligations are discharged, cancelled, or they expire.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 JUNE 2022

2. ACCOUNTING POLICIES - continued

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

Going concern

Based on the current trading and future expectations, the directors are confident the company will continue to trade profitably in future periods and generate sufficient cash flows to meet its obligations as they fall due for payment.

3. TURNOVER

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

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

	2022	2021
	£	£
Project installation	6,499,914	11,945,365
Maintenance contracts	25,440,709	22,019,802
Calls and lines rental	4,969,051	4,413,603
	<u>36,909,674</u>	<u>38,378,770</u>

An analysis of turnover by geographical market is given below:

	2022	2021
	£	£
United Kingdom	36,681,865	38,348,592
Europe	227,809	30,178
	<u>36,909,674</u>	<u>38,378,770</u>

4. EMPLOYEES AND DIRECTORS

	2022	2021
	£	£
Wages and salaries	7,899,852	7,371,977
Social security costs	861,327	887,890
Other pension costs	462,082	442,689
	<u>9,223,261</u>	<u>8,702,556</u>

The average number of employees during the year was as follows:

	2022	2021
Directors	3	5
Employees	<u>112</u>	<u>94</u>
	<u>115</u>	<u>99</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 JUNE 2022

4. EMPLOYEES AND DIRECTORS - continued

	2022	2021
	£	£
Directors' remuneration	444,415	639,347
Directors' pension contributions to money purchase schemes	<u>33,549</u>	<u>81,569</u>

Information regarding the highest paid director is as follows:

	2022	2021
	£	£
Emoluments etc	180,422	150,033
Pension contributions to money purchase schemes	<u>3,522</u>	<u>3,506</u>

5. OPERATING PROFIT

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

	2022	2021
	£	£
Depreciation - owned assets	353,678	405,183
Auditors' remuneration	32,800	18,673
Auditors' remuneration for non audit work	4,508	3,000
Foreign exchange differences	<u>(92,507)</u>	<u>21,063</u>

6. TAXATION

Analysis of the tax charge

The tax charge on the profit for the year was as follows:

	2022	2021
	£	£
Current tax:		
UK corporation tax	666,126	619,098
Prior year corporation tax adjustment	<u>115,675</u>	-
Total current tax	781,801	619,098
Deferred tax	<u>7,499</u>	<u>(3,971)</u>
Tax on profit	<u>789,300</u>	<u>615,127</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 JUNE 2022

6. TAXATION - continued

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2022 £	2021 £
Profit before tax	<u>3,674,997</u>	<u>3,496,676</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2021 - 19%)	698,249	664,368
Effects of:		
Expenses not deductible for tax purposes	7,843	4,801
Capital allowances in excess of depreciation	(29,447)	-
Depreciation in excess of capital allowances	-	3,970
Adjustments to tax charge in respect of previous periods	115,675	(54,041)
Deferred tax	7,499	(3,971)
R&D claim	(10,519)	-
Total tax charge	<u>789,300</u>	<u>615,127</u>

7. TANGIBLE FIXED ASSETS

	Plant and machinery £	Fixtures and fittings £	Computer equipment £	Totals £
COST				
At 1 July 2021	7,053	116,649	1,486,417	1,610,119
Additions	-	298,557	89,214	387,771
At 30 June 2022	<u>7,053</u>	<u>415,206</u>	<u>1,575,631</u>	<u>1,997,890</u>
DEPRECIATION				
At 1 July 2021	4,809	93,631	903,513	1,001,953
Charge for year	882	21,073	331,723	353,678
At 30 June 2022	<u>5,691</u>	<u>114,704</u>	<u>1,235,236</u>	<u>1,355,631</u>
NET BOOK VALUE				
At 30 June 2022	<u>1,362</u>	<u>300,502</u>	<u>340,395</u>	<u>642,259</u>
At 30 June 2021	<u>2,244</u>	<u>23,018</u>	<u>582,904</u>	<u>608,166</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 JUNE 2022

8. FIXED ASSET INVESTMENTS

	Shares in group undertakings £
COST	
At 1 July 2021 and 30 June 2022	<u>91</u>
NET BOOK VALUE	
At 30 June 2022	<u>91</u>
At 30 June 2021	<u>91</u>

The company purchased 100% of the share capital of 4Net Technologies Managed Service Ireland Limited on 23rd December 2019. 4Net Technologies Managed Service Limited is registered in Ireland, and its principal activity is the provision of telecommunications services.

9. STOCKS

	2022 £	2021 £
Stocks	52,175	73,727
Work in progress	-	175,269
	<u>52,175</u>	<u>248,996</u>

10. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022 £	2021 £
Trade debtors	3,010,749	5,710,074
Amounts owed by group undertakings	12,386,405	10,155,769
Other debtors	17,235	148,289
Prepayments and accrued income	7,759,007	5,738,422
	<u>23,173,396</u>	<u>21,752,554</u>

Amounts owed by group undertakings are repayable on demand.

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022 £	2021 £
Trade creditors	1,354,505	2,547,099
Amounts owed to group undertakings	503,876	311,092
Corporation tax	1,025,911	484,775
Social security and other taxes	538,282	836,058
Other creditors	69,379	70,581
Accruals and deferred income	15,538,554	11,257,425
	<u>19,030,507</u>	<u>15,507,030</u>

Amounts owed to group undertakings are repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 JUNE 2022

12. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2022	2021
	£	£
Within one year	99,911	142,950
Between one and five years	<u>248,452</u>	<u>24,900</u>
	<u>348,363</u>	<u>167,850</u>

13. PROVISIONS FOR LIABILITIES

	2022	2021
	£	£
Deferred tax	<u>114,509</u>	<u>107,010</u>
		Deferred tax
		£
Balance at 1 July 2021		107,010
Provided during year		<u>7,499</u>
Balance at 30 June 2022		<u>114,509</u>

14. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2022	2021
			£	£
200,000	Ordinary	£0.005	<u>1,107</u>	<u>1,107</u>

15. PENSION COMMITMENTS

The company operates a defined contribution pension scheme. During the year the company contributed £462,082 (2021: £442,689).

Creditors include £38,406 (2021: £37,044) in respect of outstanding pension contributions at the year end.

16. ULTIMATE PARENT COMPANY

The company's immediate parent company is 4Net Holdings Ltd, a company registered in England and Wales. Group accounts are available at Companies House.

The company's ultimate parent company is Project Eaton Topco Limited, a company registered in England and Wales. The directors consider the ultimate controlling party to be Palatine Private Equity LLP, a limited liability partnership registered in England and Wales.

17. CONTINGENT LIABILITIES

On 8 June 2021 the company along with its fellow subsidiary, ComputerTel Limited, and its parent company, 4Net Holdings Ltd, entered into guarantees in the form of debentures containing fixed and floating charges over the company's assets, to secure the borrowings of Project Eaton Topco Limited and Project Eaton Bidco Limited. At 30 June 2022 the amount outstanding in respect of these guarantees was £39.32m (2021: £37.43m). The beneficiaries of the securities are Altus Domus Trustees (UK) Limited as security agent and then Palatine Private Equity LLP.

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.