

EMTELLE UK LIMITED

Directors' report and financial statements

For the year ended 31 December 2022

Registration number SC079486



EMTELLE UK LIMITED

For the year ended 31 December 2022

Registration number SC079486

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Directors

A Rodgers

W Rae

K Anderson

J Campbell

Company secretary

Dentons Secretaries Limited

Independent auditor

BDO LLP

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Edinburgh

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Bankers

HSBC UK Bank plc

Scotland Corporate Banking Centre

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Registered office

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EMTELLE UK LIMITED

For the year ended 31 December 2022

Registration number SC079486

Directors' report

The directors submit their annual report and audited financial statements for the year ended 31 December 2022.

Directors

The directors who held office during the year and up to the date of this report were:

A Rodgers
W Rae
K Anderson
J Campbell

Principal activities

Emtelle UK Limited's principal activities are to manufacture and sell PVC and polyethylene ducting solutions, blown fibre cables and pre-connectorised fibre cables.

Results and dividends

The results for the year are set out on page 12. The profit for the year after taxation amounted to £35,144k (2021: £20,793k). A dividend of £15,217k was paid during the year (2021: £12,406k). There was also a distribution of £nil (2021: £27,764k) following a reorganisation of the Statement of Financial Position, which is explained further in the Strategic Report. A full business review is included within the 'Analysis of performance and position of the business and future developments' section in the Strategic Report.

Going concern

The company's principal business activities and the financial position of the company, together with the factors that are likely to affect its future development, performance and financial position are set out in the Strategic Report.

Management of the group have prepared full forecasts for income statement, balance sheet and cash flow. The directors, having considered the forecasts, cash resources and facilities, have concluded that there is no material uncertainty arising in relation to going concern. The forecasts demonstrated that the company could operate within its available funding arrangements. Accordingly, as there is a reasonable expectation that it has adequate resources to continue in operational existence for the foreseeable future and to meet its obligations as they fall due, the directors continue to adopt the going concern basis of preparation for the financial statements.

Energy and carbon report

The company has appointed Carbon Footprint Ltd, a leading carbon and energy management company, to independently assess its Greenhouse Gas (GHG) emissions in accordance with the UK Government's 'Environmental Reporting Guidelines: Including Streamlined Energy and Carbon Reporting Guidance'.

The GHG emissions have been assessed following the ISO 14064-1:2018 standard and has used the 2022 emission conversion factors published by Department for Environment, Food and Rural Affairs (Defra) and the Department for Business, Energy & Industrial Strategy (BEIS). The assessment follows dual reporting where the location-based and market-based approach for assessing Scope 2 emissions from electricity usage are used. The operational control approach has been used.

The table below summarises the GHG emissions for reporting year: 1 January 2022 to 31 December 2022. As a business we have been assessing our carbon emissions since 2016, this is the third year that the energy consumption (kWh) has been calculated for SECR. We have also provided the previous year's assessment results for comparison.

Scope	Activity	2021 (Location-based)	2021 (Market-based)	2022 (Location-based)	2022 (Market-based)
Scope 1	Site gas oil	255.58	255.58	49.99	49.99
	Site propane	208.06	208.06	252.54	252.54
	Site Diesel	0.00	0.00	145.68	145.68
	Company car travel	23.26	23.26	54.42	54.42
	Van travel and distribution	8.27	8.27	4.75	4.75
Scope 1 Sub Total		495.17	495.17	507.38	507.38
Scope 2	Electricity generation	4,803.71	3,589.54	4,743.31	0.00
Scope 2 Sub Total		4,803.71	3,589.54	4,743.31	0.00
Scope 3	Grey Fleet	0.00	0.00	0.00	0.00
Scope 3 Sub Total		0.00	0.00	0.00	0.00
Total tonnes of CO ₂ e		5,298.87	4,084.71	5,251.09	507.38
Tonnes of CO ₂ e per employee		14.06	10.83	11.73	1.13
Tonnes of CO ₂ e per £M turnover		32.13	24.77	22.27	2.15
Total Energy Consumption (kWh)*		24,751,267	24,751,267	26,657,655	26,657,655

* Total Energy Consumption includes UK Electricity, UK Site Gas, Company Owned Vehicles and Employee-owned vehicles (grey fleet) only.

We are delighted to be able to show that despite the overall location-based emissions increasing due to growth, we have reduced our greenhouse gas emissions annually following our two KPIs, turnover and employee numbers. This has been achieved by implementing several energy and carbon savings measures. These include 100% of electricity sourced from Drax renewables, continued work on process efficiency across our sites, focus on reduction of process scrap and ongoing staff training.

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For the year ended 31 December 2022

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Directors' report (continued)

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' Report, the Strategic 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 prepared 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 UK Accounting 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 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.

Disclosure of information to the auditor

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

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Directors' indemnities

The company maintains liability insurance for its directors and officers. This includes a qualifying third party indemnity provision as defined by section 234 of the Companies Act 2006. This was in force during the financial year and also at the date of approval of the financial statements.

By order of the board



A Rodgers
Director

28 September 2023

EMTELLE UK LIMITED

For the year ended 31 December 2022

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Strategic report

Review of the business

Emtelle UK Limited operates in a competitive and growing market.

The business continues to face constant and ongoing challenges. This includes the phasing and cyclical nature which projects have on sales, volatility in raw material prices, exchange rates and interest rates. Management remains focused on ensuring the company remains competitive in the domestic and international markets.

Analysis of performance and position of the business and future developments

During 2022, turnover increased by 43%, from £164.9m to £236.5m. The increase in turnover reflects the status of the market in the UK and target geographies being serviced by the UK manufacturing operations. The market demand is increasing due to the speed and intensity of telecommunications providers building blown fibre networks. Our product offering to the power market has also seen increased demand driven by infrastructure investment in power and renewable energy sources. Additional manufacturing capacity was invested in during the year at our Jedburgh site, following the purchase of the site in 2020.

Despite the inflationary environment in which we operate, profitability has increased from the prior year with gross profit increasing 63.0% to £76,852k and operating profit increasing 63.8% to £41,018k. A key performance indicator for the business is EBITDA, which also increased 58.3% to £43,694k (being operating profit with depreciation added back). Operating profit and EBITDA included exceptional expenses of £3,003k in relation to the development of business systems. As these are not considered to be ongoing operational costs, operating profit and EBITDA have been calculated with this expenditure excluded to give £44,021k and £46,697k respectively which represents growth of 75.8% and 69.2% on prior year.

The key performance indicators the business measures for its success are gross profit and also EBITDA. These are tracked on a monthly basis and actual performance compared to both the budget and the prior year.

During the prior year, the opportunity was taken to carry out a reorganisation of the Statement of Financial Position. Intercompany loans from the company of £27.8m were formally waived by deed of release and were accordingly treated as distributions. This had no cash impact on the company but has changed the shape of the Statement of Financial Position.

Future outlook

The outlook for the business is positive, despite the challenges in the economic climate and volatility of raw material prices.

Financial instruments

The company's policy is to finance activities through the use of intercompany balances at fixed interest rates. The company does not actively use any other financial instruments as part of its financial risk management. The directors have considered the interest rate risk on the intercompany balances and are content with the strategy for managing this risk.

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Strategic report (continued)

Principal risks and uncertainties

Emtelle UK Limited's corporate governance structure is designed to oversee the management of the risks inherent in conducting business. Internal processes, systems, structures and procedures are designed to manage these risks to ensure financial integrity and legislative compliance.

The directors have identified a number of principal risks and uncertainties:

- uncertain economic climate - addressed by continuing focus on material margins, gross margins and tight controls on overheads;
- competition - this is addressed through an on-going programme of innovation and product improvement, combined with increased attention to quality and customer service; and
- dependence on major contracts - addressed by strong on-going customer relationships and continuing to decrease our individual customer dependency.

Financial risk management:

- raw material price inflation - addressed by back to back contracts whenever possible and regular reviews of sales prices. The company is also in a position to take advantage of opportunities on the world spot market;
- credit risk - addressed by tight credit control procedures. This includes: credit reports and regular updates being obtained for each customer; the setting of tight credit limits, any exception to which has to be approved by senior management; overdue accounts are immediately followed up; and regular reports are produced by the credit controller to brief senior management on accounts at risk of default; and
- foreign currency risk - the company works with the rest of the group to match incoming and outgoing foreign currency as far as possible. Occasionally surpluses are built up which are sold on the spot market to redress the exposure.

Financial key performance indicators

Key financial KPI's include gross profit and EBITDA. Refer to analysis of performance section for further commentary on KPI's.

Policy and practice on the payment of creditors

The company will follow its internal process to pay all suppliers no later than the credit terms agreed with each individual supplier at the time it commences business with them.

The average number of days purchases included within creditors at 31 December 2022 was 61 (2021: 77 days).

Employee involvement

The company places considerable value on the involvement of its employees and has continued its previous practice of keeping them informed on matters affecting them as employees and on the various factors affecting the performance of the company. This is achieved through publication of staff newsletters and bulletins.

Disabled employees

Applications for employment by disabled persons are always considered, bearing in mind the aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the company continues and that appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled employees should, as far as possible, be identical with that of other employees.

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Strategic report (continued)

Section 172 statement

Under Section 172 of the Companies Act 2006 ('Section 172'), the directors have a duty to promote the success of the company for the benefit of the members as a whole and, in doing so, they must have regard to (amongst other matters):

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

The directors believe that engaging with all the stakeholders is important to the success of the business and have identified the main stakeholders as the shareholders, employees, customers, suppliers, the government and regulators and the communities within which they operate. But balancing the needs and views of these stakeholders is challenging as there are often competing interests.

The company prides itself on its reputation for strong business ethics which are centred around 7 key pillars:

- Safety always
- Innovation - we develop new and innovative solutions whilst adapting and improving those in use, we never stop improving
- Empowerment - we support all of our people to get the job done and to develop our employees
- Teamwork - communication and collaboration are the keys to success
- Integrity - trust, transparency, humility and honesty, always
- Respect - our customers, our people and our environment
- Excellent - exceed customer expectations in always providing our best-in-class customer service

Our customers are critical to our success and we seek to maintain good relations with them by meeting with them and discussing their needs on a regular basis, and providing them with a first-class service. Our mission statement is that "we will create value and make a difference everywhere we engage with customers by listening, understanding, innovating and adapting." We have a dedicated solutions team that is 100% customer focused, working alongside them to develop new and improved methodology for passive infrastructure deployment. We provide trialling of our solutions, designed to enhance our customer performance in their core business. We support our customers through attendance at all regional and international trade shows in our market.

The company values having a strong relationship with its suppliers and seeks to treat them fairly and to pay them promptly.

As a business to business services group, the directors consider that the employees are the group's most valuable asset. The group takes a positive view of employee communications and has maintained its established system of keeping employees informed of performance, development and progress by way of briefings by management and through the medium of the company newsletter. The directors seek to reward employees with a competitive package. We are focused on implementing strong health and safety procedures to keep our people safe. There is a management structure in place to ensure that management are aligned with the employees who work for them. The philosophy of the senior management team is to manage the business by being visible and approachable, regularly visiting operating sites. The wider Emtelle group normally also organises a management conference on an annual basis, attended by the directors and senior management from around the group. This was not able to happen during 2020 or 2021 due to COVID, but we were pleased to hold a successful event in September 2022 with over 45 colleagues attending.

The company seeks to comply with the law and the regulations which govern its operations and has put in place policies and procedures which are designed to ensure that it is compliant. It communicates with government bodies and regulators on a regular basis.

The company communicates with its shareholders regularly through the regular Steering and Strategy Committee meetings at which updates are provided and strategy agreed, meetings with the senior management team and provision of regular financial and operational management information in addition. It is important to us to meet our shareholders' dividend expectations. Our aim is to pay a well covered dividend, while retaining sufficient cash to fund our investment for growth. This should benefit all of our stakeholders in ensuring that we have shareholder support for the continuation and growth of the business.

In making key decisions, the directors and senior management team consider the impact on each key stakeholder group. At all times, decisions are made to protect the short, medium and longer term future success from both an operational and financial perspective.

On behalf of the board



A Rodgers
Director

28 September 2023

EMTELLE UK LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EMTELLE UK LIMITED

Opinion on the financial statements

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 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.

We have audited the financial statements of Emtelle UK Limited ("the Company") for the year ended 31 December 2022 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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.

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

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.

Other Companies Act 2006 reporting

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.

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.

Responsibilities of Directors

As explained more fully in the Statement of Directors' Responsibilities, 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.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are

EMTELLE UK LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EMTELLE UK LIMITED (CONTINUED)

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.

Extent to which the audit was capable of detecting irregularities, including fraud

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:

Non-compliance with laws and regulations

Based on:

- Our understanding of the Company and the industry in which it operates and
- Discussion with management and those charged with governance.

We considered the most significant law and regulations which are directly relevant to specific assertions within the financial statements are those related to the applicable accounting frameworks, the Companies Act 2016, tax laws and regulations in the jurisdiction in which the Company operates.

Our procedures in respect of the above included:

- Enquiry of those charged with governance for any instances of non-compliance with laws and regulations; and
- Review of financial statement disclosures and agreeing to supporting documentation.

Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management and those charged with governance, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Evaluation and testing of the operating effectiveness of management's controls designed to prevent and detect irregularities; and
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements.

Based on our risk assessment, we considered the areas most susceptible to fraud to be inappropriate journal entries and the exertion of bias in accounting estimates.

Our procedures in respect of the above included:

- Challenging assumptions made by management in their accounting estimates;
- In addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business; and
- Identifying the fraud risk within revenue and designing and performing data analytic testing and substantive cut-off testing in order to address the risk identified; and
- Vouching balances and reconciling items in management's key control account reconciliations to supporting documentation as at 31 March 2023; and carrying out detailed testing, on a sample basis, of material transactions, financial statement categories and balances to appropriate documentary evidence to verify the completeness, occurrence and accuracy of the reported financial statements.

EMTELLE UK LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EMTELLE UK LIMITED (CONTINUED)

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

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 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.

DocuSigned by:

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28 September 2023

Alastair Rae (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Edinburgh, UK

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

EMTELLE UK LIMITED

For the year ended 31 December 2022

Registration number SC079486

Statement of comprehensive income

	Notes	2022		2021	
		£ 000's	£ 000's	£ 000's	£ 000's
Turnover	4		236,540		164,921
Cost of sales			(159,688)		(117,761)
Gross profit			<u>76,852</u>		<u>47,160</u>
Other operating income	7	1,777		1,297	
Distribution costs		(16,697)		(11,990)	
Administration expenses		(17,911)		(11,425)	
Operating profit (before exceptional expenses)			<u>44,021</u>		<u>25,041</u>
Exceptional expenses	7		(3,003)		-
Operating profit	7		<u>41,018</u>		<u>25,042</u>
Interest receivable and similar income	8	153		-	
Interest payable and similar charges	8	(138)		(183)	
			<u>15</u>		<u>(183)</u>
Profit on ordinary activities before taxation			<u>41,033</u>		<u>24,859</u>
Tax on profit on ordinary activities	9		(5,889)		(4,066)
Profit for the financial year			<u>35,144</u>		<u>20,793</u>
Other comprehensive income					
Total comprehensive income for the financial year			<u>-</u>		<u>-</u>
Profit and total comprehensive income for the financial year			<u>35,144</u>		<u>20,793</u>

The Notes on pages 15 to 25 form part of these financial statements.

EMTELLE UK LIMITED

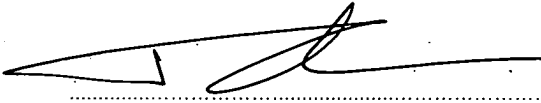
For the year ended 31 December 2022

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Statement of financial position

	Notes	2022		2021	
		£ 000's	£ 000's	£ 000's	£ 000's
Fixed assets					
Intangible assets	10		-		1,261
Tangible assets	11		12,349		11,896
Long term loans to group companies	19		-		-
			<u>12,349</u>		<u>13,157</u>
Current assets					
Stocks	12	22,505		14,602	
Debtors	13	60,937		31,414	
Cash at bank and in hand	14	<u>1,820</u>		<u>7,361</u>	
		85,262		53,377	
Creditors					
Amounts falling due within one year	15	<u>(41,443)</u>		<u>(31,606)</u>	
Net current assets			<u>43,819</u>		<u>21,771</u>
Total assets less current liabilities			<u>56,168</u>		<u>34,928</u>
Creditors					
Amounts falling due after more than one year	16		(6,194)		(4,328)
Provisions for liabilities	18		(1,035)		(1,588)
Net assets			<u>48,939</u>		<u>29,012</u>
Capital and reserves					
Called up share capital	19		1,254		1,254
Profit and loss account	19		<u>47,685</u>		<u>27,758</u>
Total shareholders' funds			<u>48,939</u>		<u>29,012</u>

The financial statements were approved and authorised for issue by the Board of Directors on 28 September 2023 and signed on its behalf by


..... Director (A Rodgers)

The Notes on pages 15 to 25 form part of these financial statements.

EMTELLE UK LIMITED

For the year ended 31 December 2022

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Statement of changes in equity

	Share capital	Profit and loss	Total equity
	£ 000's	account	£ 000's
	£ 000's	£ 000's	£ 000's
Balance at 1 January 2021	1,254	47,135	48,389
Comprehensive income for the year			
Profit for the financial year	-	20,793	20,793
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year attributable to owners	-	20,793	20,793
Contributions by and distributions to shareholders			
Dividend paid	-	(40,170)	(40,170)
Total contributions by and distributions to shareholders	-	(40,170)	(40,170)
Balance at 31 December 2021	1,254	27,758	29,012
Balance at 1 January 2022	1,254	27,758	29,012
Comprehensive income for the year			
Profit for the financial year	-	35,144	35,144
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year attributable to owners	-	35,144	35,144
Contributions by and distributions to shareholders			
Dividend paid	-	(15,217)	(15,217)
Total contributions by and distributions to shareholders	-	(15,217)	(15,217)
Balance at 31 December 2022	1,254	47,685	48,939

The Notes on pages 15 to 25 form part of these financial statements.

EMTELLE UK LIMITED
For the year ended 31 December 2022
Registration number SC079486
Notes to the financial statements

1. Principal accounting policies

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland ('FRS 102') and the Companies Act 2006.

The presentational currency is Sterling, which is also the company's functional currency. The financial statements are rounded to the nearest thousand unless otherwise indicated.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see Note 3).

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 requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d); and
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Emtelle Holdings B.V., as at 31 December 2022. Those financial statements are publicly available from the Chamber of Commerce in the Netherlands.

Basis of accounting

These financial statements are prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the year, are set out below.

Going concern

The company's principal business activities and the financial position of the company, together with the factors that are likely to affect its future development, performance and financial position are set out in the Strategic Report.

Management have prepared full forecasts for income statement, balance sheet and cash flow. The directors, having considered the forecasts, cash resources and facilities, have concluded that there is no material uncertainty arising in relation to going concern. The forecasts demonstrated that the company could operate within its available funding arrangements. Accordingly, as there is a reasonable expectation that it has adequate resources to continue in operational existence for the foreseeable future and to meet its obligations as they fall due, the directors continue to adopt the going concern basis of preparation for the financial statements.

Turnover

Revenue is recognised where goods or services are supplied under the terms of the contract. Revenue is measured as the fair value of the consideration received or receivable, excluding VAT and other sales taxes.

The following criteria must also be met before revenue is recognised:

- the company has transferred the significant risks and rewards of ownership to the buyer;
- the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be reliably measured;
- it is probable that the company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Exceptional costs

Exceptional expenses are defined to be significant expenditure which is related to specific projects which are not part of ongoing operations. In 2022 this represents costs incurred with the development of a group wide business system. This project continues into the next financial year.

Borrowing costs

Finance costs are charged to statement of comprehensive income over the term of the debt using the effective interest rate method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instruments.

Research and development costs

Research and development expenditure on internal projects are recognised in the statement of comprehensive income as incurred.

EMTELLE UK LIMITED

For the year ended 31 December 2022

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Notes to the financial statements (continued)

1. Principal accounting policies (continued)

Intangible fixed assets and amortisation

Externally acquired intangible assets are recognised at cost and subsequently amortised on a straight-line basis over their useful economic lives.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at historic purchase cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Depreciation is provided on all fixed assets at rates calculated to write off the cost, less estimated residual value of each asset evenly over its expected useful life as follows:

Buildings	25	years
Plant and machinery	3 - 10	years
Furniture and fittings	3 - 10	years

No depreciation is provided on heritable land or assets in the course of construction.

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively, if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the statement of comprehensive income.

Stocks

Stocks are valued on a FIFO basis at the lower of cost and net realisable value in the ordinary course of business, as follows:

Raw materials and consumables	-	purchase cost
Work in progress/finished goods and goods for resale	-	cost of direct materials and labour plus direct production overheads

Net realisable value is based on estimated selling price less further costs expected to be incurred in respect of completion and disposal.

Provisions have been made for slow moving and defective stock.

Debtors

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

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.

Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest rate method.

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Notes to the financial statements (continued)

1. Principal accounting policies (continued)

Financial instruments

The company has only interfered into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other receivables and payables and loans to related parties.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other trade receivables and payables, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest rate method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

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 comprehensive income.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is an 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.

Foreign currency translation

Transactions denominated in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. All differences on exchange are taken to the statement of comprehensive income.

Employee benefits

The company operates long term incentive plans for certain employees. The costs in relation to these schemes are based upon the agreements in place and accrued when the agreed conditions are met and the likelihood of payment is deemed to be probable.

Government grants

Capital grants are released to the statement of comprehensive income over the expected useful life of the asset to which they relate.

Leases and hire purchase contracts

Rental costs under operating leases are charged to the statement of comprehensive income in equal annual amounts over the period of the leases.

Leasing agreements which transfer to the company substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright. These assets are included in fixed assets and the capital element of the leasing commitments is shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged against profit so as to give a constant periodic rate of charge on the remaining balance outstanding at each accounting period. Assets held under finance leases are depreciated over the useful lives of equivalent owned assets.

Provisions

Provisions are recognised when the company has a present obligation as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

EMTELLE UK LIMITED

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Notes to the financial statements (continued)

1. Principal accounting policies (continued)

Taxation

Current tax is recognised for the amount of income tax payable in respect of the taxable profit for the current or past reporting periods using the tax rates and laws that have been enacted or substantively enacted by the statement of financial position date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the date of the statement of financial position, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the date of the statement of financial position.

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the statement of financial position date. Deferred tax is measured on an undiscounted basis.

Pensions

The company has a defined contribution pension scheme. Contributions to the defined contribution scheme are charged to the statement of comprehensive income in the period in which they fall due. The assets of this scheme are held separately from those of the company in separately administered funds.

Related party transactions

The company has taken advantage of exemption, under the terms of FRS 102, not to disclose related party transactions with wholly owned subsidiaries within the Emtelle Holdings B.V. group.

2. General information

Emtelle UK Limited is a private company limited by shares, incorporated in Scotland, UK and the address of its registered office and principal place of business is Haughhead, Hawick, Scottish Borders, Scotland, TD9 8LF.

Emtelle UK Limited's principal activities are to manufacture and sell PVC and polyethylene ducting solutions, blown fibre cables and pre-connectorised fibre cables.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to represent the most probable outcome under specific circumstances. The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. The primary areas of estimate included in the company's financial statements are in the provisions against doubtful debt, for slow moving and obsolete stock and in relation to warranties on manufactured products.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below:

Warranty claims

Warranties are issued contractually on products and services supplied. The purpose of the provision is to cover probable costs arising if products and services supplied do not meet the agreed quality requirement under normal conditions of use. The provision is based on estimates and on historic data. In general, the liabilities are most likely to be settled within the next five years.

Stock provision

Stocks are carried at the lower of cost and net realisable value and a provision is made for items where the net realisable value falls below cost. Factors taken into account in determining the level of provision required include the ageing and condition of stock items.

EMTELLE UK LIMITED

For the year ended 31 December 2022

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Notes to the financial statements (continued)

4. Turnover

The analysis of turnover by class and by geographical market required by paragraph 68 of Schedule 1 to the Large and Medium sized Companies and Groups (Accounts and Reports) Regulations 2008 has not been provided, as in the opinion of the directors, such disclosures would be seriously prejudicial to the interests of the company.

5. Staff numbers and costs

The average monthly number of employees of the company during the year including directors:

	2022	2021
	Number	Number
Manufacturing	324	312
Sales, office and management	77	65
	401	377

The aggregate remuneration and associated costs of the company's employees were:

	2022	2021
	£ 000's	£ 000's
Wages and salaries	20,983	15,255
Social security costs	1,702	1,120
Other pension costs	806	641
	23,491	17,016

The company operates long term incentive plans for certain employees. Amounts payable under these plans at 31 December 2022 totalled £2,931k (2021: £1,436k).

6. Directors' remuneration

	2022	2021
	£ 000's	£ 000's
Emoluments	1,066	762
Amounts paid under long term incentive plans	149	841
Company pension contributions to the defined contribution scheme	26	27

Retirement benefits are accruing to 3 (2021: 3) directors under the defined contribution scheme at 31 December 2022. £1,621k (2021: £945k) benefits are accruing to directors under long term incentive plans.

Emoluments (including payments made under long term incentive plans) of the highest paid director were £566k (2021: £677k). Company pension contributions of £8k (2021: £8k) were made to a defined contribution scheme on their behalf.

7. Operating profit

	2022	2021
	£ 000's	£ 000's
Operating profit is stated after charging/(crediting):		
Depreciation of owned fixed assets	1,501	1,174
Depreciation of fixed assets held under finance leases	1,259	1,466
Amortisation of capital grants	(84)	(84)
(Gain) on sale of fixed assets	(50)	(43)
Exchange loss on foreign currency	3,105	7
Auditor's remuneration (including expenses)	88	72
Fees paid to auditor for taxation and other services	4	4
Lease of buildings	125	41
Impairment loss on trade debtors	-	4
Other operating income (see below)	(1,777)	(1,297)
Rentals under operating leases for cars, office equipment and production equipment	418	557
Exceptional expenses	(3,003)	-

Exceptional expenses represent costs incurred with the development of a group wide business system. This project continues into the next financial year.

Emtelle UK Limited has borne the audit fee for Emtelle Holdings Limited of £2k (2021: £2k) and Emtelle EOS Holdings Limited of £2k.

	2022	2021
	£ 000's	£ 000's
Other operating income		
Government grants	-	23
Research and development tax credits	381	301
Management service fees	1,396	973
	1,777	1,297

EMTELLE UK LIMITED

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Notes to the financial statements (continued)

8. Finance income and charges

	2022	2021
	£ 000's	£ 000's
Interest receivable and similar income		
Interest receivable on the loans made to group companies	153	-
	<u>153</u>	<u>-</u>
Interest payable and similar charges		
Interest on finance leases	138	112
Other external interest paid	-	71
	<u>138</u>	<u>183</u>

9. Taxation on profit on ordinary activities

	2022	2021
	£ 000's	£ 000's
Corporation tax rate	19.00%	19.00%
UK corporation tax on ordinary activities for the year	7,252	3,042
Adjustment in respect of previous years	416	(6)
	<u>7,668</u>	<u>3,036</u>
Deferred tax charge - see Note 18		
Deferred tax charge current year	(1,300)	1,023
Adjustment in respect of previous years	(479)	7
	<u>5,889</u>	<u>4,066</u>

The difference between the tax assessed for the year and the standard rate of corporation tax is detailed below:

	2022	2021
	£ 000's	£ 000's
Profit on ordinary activities before tax	<u>41,033</u>	<u>24,859</u>
Profit on ordinary activities at the standard rate of tax of 19% (2021: 19%)	7,796	4,723
Expenses not deductible for tax purposes	(755)	38
Income not taxable for tax purposes	(107)	-
Capital allowances for the period in excess of depreciation	-	(51)
Adjustments to tax charge in respect of previous periods	416	(6)
Adjustments to tax charge in respect of previous periods - deferred tax	(479)	7
Remeasurement of deferred tax for changes in tax rates	(312)	130
Patent box deductions	(571)	(414)
Group relief claimed	(99)	(361)
Tax charge for the year	<u>5,889</u>	<u>4,066</u>

The standard rate of corporation tax for the year in the United Kingdom was 19% (2021: 19%). Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 25% (2021: 19%). The Finance Act 2021 was enacted on 10 June 2021 and will increase the main rate of corporation tax applicable to 25% from 1 April 2023.

EMTELLE UK LIMITED

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Notes to the financial statements (continued)

10. Intangible assets	Software £ 000's
Cost	
At 1 January 2022	1,261
Additions	-
Reclassification	(1,261)
At 31 December 2022	-
Accumulated amortisation	
At 1 January and 31 December 2021 and 2022	-
Net book value	
At 31 December 2022	-
At 31 December 2021	1,261

Intangible asset has been reclassified to exceptional expenses and prepayments.

11. Tangible assets	Heritable Land & Buildings	Furniture & Fittings	Plant & Machinery	Assets under Construction	Total
	£ 000's	£ 000's	£ 000's	£ 000's	£ 000's
Cost					
At 1 January 2022	10,646	467	24,587	2,895	38,595
Additions	-	-	-	3,213	3,213
Disposals	-	-	(463)	-	(463)
Transfers	173	31	1,909	(2,113)	-
At 31 December 2022	10,819	498	26,033	3,995	41,345
Accumulated depreciation					
At 1 January 2022	6,471	357	19,871	-	26,699
Charge for the year	507	81	2,172	-	2,760
Disposals	-	-	(463)	-	(463)
At 31 December 2022	6,978	438	21,580	-	28,996
Net book value					
At 31 December 2022	3,841	60	4,453	3,995	12,349
At 31 December 2021	4,175	110	4,716	2,895	11,896

The net book value of fixed assets held under finance leases is £4,471k (2021: £4,787k).

12. Stocks	2022 £ 000's	2021 £ 000's
Raw materials and consumables	7,910	4,335
Work in progress	852	1,059
Finished goods and goods for resale	13,743	9,208
	22,505	14,602

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Notes to the financial statements (continued)

13. Debtors	2022	2021
	£ 000's	£ 000's
Trade debtors	32,028	24,449
Amounts owed by group undertakings	22,650	5,022
Prepayments and accrued income	5,023	1,564
Corporation tax	-	379
Deferred tax (Note 18)	1,236	-
	<u>60,937</u>	<u>31,414</u>
	2022	2021
	£ 000's	£ 000's
Amounts falling due in more than one year:		
Prepayments and accrued income	1,840	-
	<u>1,840</u>	<u>-</u>
14. Cash and cash equivalents	2022	2021
	£ 000's	£ 000's
Cash at bank and in hand	1,820	7,361
	<u>1,820</u>	<u>7,361</u>
15. Creditors: amounts falling due within one year	2022	2021
	£ 000's	£ 000's
Trade creditors	21,691	19,913
Amounts owed to group undertakings	1,755	1,114
Other creditors	1,045	1,883
Other taxation and social security	2,601	1,466
Accruals and deferred income	9,325	5,690
Corporation tax	3,708	-
Finance leases	1,318	1,540
	<u>41,443</u>	<u>31,606</u>
16. Creditors: amounts falling due after more than one year	2022	2021
	£ 000's	£ 000's
Other creditors	2,931	1,436
Capital grants	232	316
Finance leases	3,031	2,576
Total	<u>6,194</u>	<u>4,328</u>
Capital grants:	2022	2021
Scottish Enterprise Borders grants	£ 000's	£ 000's
Balance at 1 January	316	400
Released in year	(84)	(84)
Balance at 31 December	<u>232</u>	<u>316</u>
Of the balance of £232k, £84k will be released next year, £148k will be released in the next 2-5 years.		
Future minimum payments under finance leases are due as follows:	2022	2021
	£ 000's	£ 000's
Within one year	1,444	1,637
In one to five years	3,308	2,725
Total gross payments	4,752	4,362
Less finance charges included above	(403)	(246)
Total net payments	<u>4,349</u>	<u>4,116</u>

EMTELLE UK LIMITED

For the year ended 31 December 2022

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Notes to the financial statements (continued)

16. Creditors: amounts falling due after more than one year (continued)

Security granted over assets

There are standard securities in respect of the net bank borrowings of the UK lending Group of £35,693k (2021: £15,581k) over the land and buildings held by Emtelle UK Limited. A bond and floating charge covers all the heritable and moveable assets of the UK lending Group which totalled £34,854k (2021: £27,758k) at the year end. There is a fixed charge over the book debt of £34,391k (2021: £29,542k).

Cross guarantees are in place to secure all bank borrowings of the UK lending Group, which consists of Emtelle UK Limited, Emtelle Holdings Limited (EHL), Emtelle EOS Holdings Limited (EOS), Afri Piping Systems ME Holdings Ltd., Afri Piping Systems Middle East Industries LLC and Afri Piping Systems Europe GMBH. EHL registered further charges in favour of HSBC UK Bank PLC in relation to EOS. The term loan is secured by EHL granting a shares pledge in and assigning security over the debt owed to it by EOS in favour of the lender.

Finance lease creditors are secured on the assets concerned.

17. Financial instruments

	2022	2021
	£ 000's	£ 000's
Financial assets		
Financial assets that are debt instruments measured at amortised cost	56,498	36,832
	<hr/>	<hr/>
Financial liabilities		
Financial liabilities measured at amortised cost	41,096	34,152
	<hr/>	<hr/>

Financial assets measured at amortised cost comprise cash, trade debtors and amounts owed by group undertakings.

Financial liabilities measured at amortised cost comprise trade creditors, amounts owed to group undertakings, other creditors, accruals and finance leases.

18. Provisions for liabilities

	2022	2021
	£ 000's	£ 000's
Deferred tax	-	543
Other provisions	1,035	1,045
	<hr/>	<hr/>
	1,035	1,588

Deferred tax:

	2022	2021
	£ 000's	£ 000's
Accelerated capital allowances	(354)	1,168
Short term timing differences	(882)	(625)
Total deferred tax (asset)/liability	<hr/>	<hr/>
	(1,236)	543

Movement in deferred tax:

	2022	2021
	£ 000's	£ 000's
Opening balance	543	(487)
Charge to the SOCI	(1,779)	1,030
Closing balance	<hr/>	<hr/>
	(1,236)	543

Other provisions, which are short term in nature, represent the estimated liability for product warranty claims.

Other provisions

	2022	2021
	£ 000's	£ 000's
Opening provision	1,045	1,243
Increase to provision	240	891
Amount used	(14)	(513)
Amount released	(236)	(577)
Closing balance	<hr/>	<hr/>
	1,035	1,045

EMTELLE UK LIMITED

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Notes to the financial statements (continued)

19. Share capital and reserves

	2022	2021
	£ 000's	£ 000's
Allotted, called up and fully paid share capital - Ordinary £1 shares.	1,254	1,254

Called up share capital represents the nominal value of the shares issued.

Ordinary shares rank pari passu for participation in profits and assets. Each ordinary share is entitled to one vote on all matters upon which the ordinary shareholders are entitled to vote.

A dividend of £12.13 per share (2021: £9.89) totalling £15,217k (2021: £12,406k) was paid in the year.

The profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

20. Commitments and contingent liabilities

Capital commitments

Capital expenditure contracted for, but not provided for in the financial statements, amounted to £1,644k (2021: £997k).

Financial commitments

At the year end the company had the following financial commitments in relation to development of Intangible Assets.

	2022	2021
	£ 000's	£ 000's
Less than 1 year	807	4,119
1 to 5 years	-	2,268
Total financial commitments	807	6,387

Operating lease commitments

At the year end the company had the following operating lease commitments for the lease of land and buildings, equipment and motor vehicles:

	2022	2021
	£ 000's	£ 000's
Less than 1 year	303	367
1 to 5 years	470	198
Total operating lease commitments	773	565

Bank guarantees

At the date of the statement of financial position the company had issued a guarantee to HMRC of £480k (2021: £555k) to cover its duty deferment account. There was also a guarantee of £109k (2021: £109k) as a result of a lost bill of lading for an overseas shipment relating to individual customers. There is also a financial guarantee for €749k (2021: €856k) that was made on behalf of a sister company to allow them to secure lease financing for new capital expenditure.

On 20 April 2022 Emtelle UK Limited issued a guarantee to HSBC Bank Middle East Limited in relation to Afri Piping Systems Middle East Industries LLC debt for up to AED 22 million.

21. Holding company

The immediate parent undertaking is Emtelle Holdings Limited.

The company is a wholly owned subsidiary of Emtelle Holdings B.V., a company incorporated in the Netherlands, and is included in the consolidated financial statements of Emtelle Holdings B.V., which are publicly available from the Chamber of Commerce in the Netherlands.

The smallest and largest group preparing consolidated financial statements in which the company is incorporated is Emtelle Holdings B.V.

The directors recognise Mapua Investment Holding Company B.V., incorporated in the Netherlands, as the ultimate parent company and controlling party.

EMTELLE UK LIMITED

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Notes to the financial statements (continued)

22. Related parties

	2022	2021
	£ 000's	£ 000's
Related party transactions		
Rent received from company under common ownership	32	32
Amounts due to EMCAB GMBH	-	895
Purchase of goods from EMCAB GMBH	1,342	2,986
Commission charges from EMCAB GMBH	431	559

EMCAB GMBH was a joint venture company of the wider Emtelle Group. The share in the joint venture was disposed of during 2022 therefore there are no amounts outstanding.

As stated in note 1, the company has taken advantage of exemption, under the terms of FRS 102, not to disclose related party transactions with wholly owned subsidiaries within the Emtelle Holdings B.V. group.

	2022	2021
	£ 000's	£ 000's
Key management personnel compensation		
Short-term employee benefits	2,445	2,216
Post-employment benefits	71	55
	<u>2,516</u>	<u>2,271</u>
Management fees paid to key management personnel	-	73

23. Events after the balance sheet date

On 28 April 2023 Emtelle UK Limited extended the guarantee for the facility of Afri Piping Systems Middle East Industries LLC with HSBC Bank Middle East Limited from AED 22,000k to AED 51,000k.

On 5 July 2023, a guarantee was issued by HSBC UK Bank plc in favour of Citi Bank N.A for \$22.45m. Emtelle UK Limited entered into the bank guarantee in relation to Emtelle USA Inc's facility with Citibank, N.A.