

Registered number: 03723978

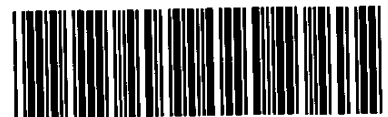
CIELO TALENT MANAGEMENT LIMITED

UNAUDITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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CIELO TALENT MANAGEMENT LIMITED

COMPANY INFORMATION

Directors	M A Geist (appointed 1 June 2022) M A Thiel (appointed 27 October 2022) S Marks (resigned 1 June 2022) B D Lindstrom (appointed 1 June 2022, resigned 27 October 2022) S C O'Connell (resigned 1 June 2022)
Registered number	03723978
Registered office	30a Great Sutton Street London EC1V 0DU
Accountants	MHA Chartered Accountants Building 4, Foundation Park Roxborough Way Maidenhead SL6 3UD

CIELO TALENT MANAGEMENT LIMITED

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CIELO TALENT MANAGEMENT LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present their Strategic Report for the year ended 31 December 2021.

Review of business

The principal activity of the Company is the addressing of clients' strategic resourcing and talent management needs. These services are provided both from client sites and from its own offices as relevant.

The Company and its subsidiaries are part of the UK group headed by Talent BidCo Limited (the "UK Group"), whose immediate parent is Cielo Inc. in the USA.

The results of the UK Group during the year ended 31 December 2022 show a profit on ordinary activities before tax of \$3,025,000 (2021: \$776,000).

The company made a profit before tax for the year of £3,231,000 (2021: £6,203,000).

Management of the group of companies headed by Cielo, Inc. (the "Group"), a company incorporated in the USA (which includes the UK Group) continue to monitor global markets and take appropriate actions. Management feels highly confident that appropriate actions are being taken and that proper plans are in place to position the Group for the future, regardless of which direction the markets may take.

The UK Group has no external lending thus is not exposed to significant interest rate rises. As the group is a people business, management can control amounts paid to contractors or increase sales prices as and where necessary, therefore inflation risk is limited to overheads which are tightly monitored and controlled.

Business environment

The European, Middle East and Asia Pacific recruitment industries remained competitive during the year.

Strategy and future developments

In 2022, we plan to develop further our global capability to meet clients' strategic resourcing needs through our network of global locations and our partnerships to serve Europe, the Americas and Asia Pacific.

Financial key performance indicators

	2022	2021
	£000	£000
Turnover	71,687	50,781
Gross profit	26,765	20,753
Profit on ordinary activities before taxation	3,231	6,203

CIELO TALENT MANAGEMENT LIMITED

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

Principal risks and uncertainties

The Group makes use of a variety of financial instruments to fund the business including both those that arise directly from operations such as cash, trade debtors and trade creditors and others such as loans. The use of such financial instruments exposes the company to certain financial risks. The main ones are interest rate risk, credit risk and liquidity risk. These are described in greater detail below:

Credit risk

The Group's principal credit risk relates to the recovery of amounts owed by trade debtors. In order to manage the risk, customers are reviewed based upon a mixture of past payment history and third party credit references. Debts are actively chased by the credit control department.

Liquidity risk

Current and projected working capital requirements are regularly monitored and compared to existing and future facilities to ensure sufficient working capital is available.

Interest rate risk

The Group is funded by its parent company with an interest free inter-company balance that arises as part of the transfer pricing agreement. There is no external funding and therefore very little exposure to movements in interest rates.

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



M A Geist
Director

Date: 12/20/23

CIELO TALENT MANAGEMENT LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

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

Directors' responsibilities statement

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

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

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

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

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

Results and dividends

The profit for the year, after taxation, amounted to £2,861,000 (2020: £6,168,000). The financial key performance indicators can be found in the Strategic Report on page 1 and no dividends are expected to be distributed for the year ended 31 December 2022.

Directors

The directors who served during the year were:

M A Geist (appointed 1 June 2022)

M A Thiel (appointed 27 October 2022)

S Marks (resigned 1 June 2022)

B D Lindstrom (appointed 1 June 2022, resigned 27 October 2022)

S C O'Connell (resigned 1 June 2022)

Future developments

Details of the future developments of the Company can be found in the Strategic Report and appear in this report by cross reference.

CIELO TALENT MANAGEMENT LIMITED

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

Engagement with employees

The companies within the Group hold regular meetings with employees and their representatives. Through these meetings and in-house publications employees are kept informed of matters of interest to them.

Engagement with suppliers, customers and others

The company continually conducts customer engagement surveys, including net promoter scores and new customer satisfaction questionnaires to ensure we deliver to the highest standards and capture areas for improvement. We highly value our suppliers and apply a fair payment commitment across the entire supply chain.

Employment of disabled employees

The Company recognises its social and statutory duty to employ disabled persons. It is the Company's policy to give full and fair consideration to applications for employment from disabled persons. The Company's general policy on training and promotion is to fit the qualifications and potential of each member of its staff to the appropriate job and career in the business. This policy is applied to disabled persons in the same way as to other staff.

Where employees become disabled, the Company endeavours to continue to employ such people, retraining them where appropriate, provided there are duties which they can perform considering the particular handicap or disability.

Greenhouse gas emissions, energy consumption and energy efficiency action

The Company is exempt from providing information relating to company's energy consumption on the basis that the information for the group is available in the accounts of Talent BidCo Limited, its ultimate UK parent.

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



M A Geist
Director

Date: 12/20/23

CIELO TALENT MANAGEMENT LIMITED

CHARTERED ACCOUNTANTS' REPORT TO THE BOARD OF DIRECTORS ON THE PREPARATION OF THE UNAUDITED STATUTORY FINANCIAL STATEMENTS OF CIELO TALENT MANAGEMENT LIMITED FOR THE YEAR ENDED 31 DECEMBER 2022

In order to assist you to fulfil your duties under the Companies Act 2006, we have prepared for your approval the financial statements of Cielo Talent Management Limited for the year ended 31 December 2022 which comprise the Statement of income and retained earnings, the Balance sheet, the Statement of changes in equity and the related notes from the Company's accounting records and from information and explanations you have given us.

As a practising member firm of the Institute of Chartered Accountants in England and Wales (ICAEW), we are subject to its ethical and other professional requirements which are detailed at <https://www.icaew.com/regulation>.

This report is made solely to the Board of directors of Cielo Talent Management Limited, as a body, in accordance with the terms of our engagement letter dated 24 November 2022. Our work has been undertaken solely to prepare for your approval the financial statements of Cielo Talent Management Limited and state those matters that we have agreed to state to the Board of directors of Cielo Talent Management Limited, as a body, in this report in accordance with ICAEW Technical Release TECH07/16AAF. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Cielo Talent Management Limited and its Board of directors, as a body, for our work or for this report.

It is your duty to ensure that Cielo Talent Management Limited has kept adequate accounting records and to prepare statutory financial statements that give a true and fair view of the assets, liabilities, financial position and profit of Cielo Talent Management Limited. You consider that Cielo Talent Management Limited is exempt from the statutory audit requirement for the year.

We have not been instructed to carry out an audit or review of the financial statements of Cielo Talent Management Limited. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the statutory financial statements.

MHA

MHA

Chartered Accountants

Building 4, Foundation Park

Roxborough Way

Maidenhead

SL6 3UD

Date:

21 December 2022

CIELO TALENT MANAGEMENT LIMITED

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

	Note	2022 £000	2021 £000
Turnover	3	71,687	50,781
Cost of sales		(44,922)	(30,028)
Gross profit		26,765	20,753
Administrative expenses		(23,089)	(17,640)
Exceptional administrative expenses		(2,461)	(587)
Other operating income	4	2,018	32
Operating profit	5	3,233	2,558
Income from fixed assets investments		-	3,649
Interest payable and similar expenses	9	(2)	(4)
Profit before tax		3,231	6,203
Tax on profit	10	(370)	(35)
Profit after tax		2,861	6,168
Retained earnings at the beginning of the year		12,645	6,614
Profit for the year		2,861	6,168
Dividends declared and paid		-	(137)
Retained earnings at the end of the year		15,506	12,645

There were no recognised gains and losses for 2022 or 2021 other than those included in the statement of income and retained earnings.

The notes on pages 10 to 24 form part of these financial statements.

CIELO TALENT MANAGEMENT LIMITED
REGISTERED NUMBER: 03723978

BALANCE SHEET
AS AT 31 DECEMBER 2022

	Note	2022 £000	2021 £000
Fixed assets			
Intangible assets	13	97	140
Tangible assets	14	283	383
Investments	15	18,800	17,564
		<u>19,180</u>	<u>18,087</u>
Current assets			
Debtors: amounts falling due within one year	16	13,119	8,952
Cash at bank and in hand	17	2,247	4,225
		<u>15,366</u>	<u>13,177</u>
Creditors: amounts falling due within one year	18	(16,198)	(18,248)
Net current liabilities		<u>(832)</u>	<u>(5,071)</u>
Total assets less current liabilities		<u>18,348</u>	<u>13,016</u>
Provisions for liabilities			
Deferred tax	19	(13)	(43)
		<u>(13)</u>	<u>(43)</u>
Net assets		<u>18,335</u>	<u>12,973</u>
Capital and reserves			
Called up share capital	20	328	328
Foreign exchange reserve	21	1	-
Capital contribution reserve	21	2,500	-
Profit and loss account	21	15,506	12,645
		<u>18,335</u>	<u>12,973</u>

CIELO TALENT MANAGEMENT LIMITED
REGISTERED NUMBER: 03723978

BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2022

The directors considers that the Company is entitled to exemption from the requirement to have an audit under the provisions of section 479A of the Companies Act 2006.

The members have not required the Company to obtain an audit for the year in question in accordance with section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:


M A Geist
Director

Date: 12/20/23

The notes on pages 10 to 24 form part of these financial statements.

CIELO TALENT MANAGEMENT LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Called up share capital	Foreign exchange reserve	Capital contribution reserve	Profit and loss account	Total equity
	£000	£000	£000	£000	£000
At 1 January 2021	328	-	-	6,614	6,942
Profit for the year	-	-	-	6,168	6,168
Dividends: Equity capital	-	-	-	(137)	(137)
At 1 January 2022	328	-	-	12,645	12,973
Profit for the year	-	-	-	2,861	2,861
Other movement type 1	-	1	-	-	1
Capital contribution	-	-	2,500	-	2,500
At 31 December 2022	328	1	2,500	15,506	18,335

The notes on pages 10 to 24 form part of these financial statements.

CIELO TALENT MANAGEMENT LIMITED

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

1. General information

Cielo Talent Management Limited is a private company limited by shares and domiciled in England and Wales. The registration number is 03723978, and the registered office is Gray's Inn House, 127 Clerkenwell Road, London, EC1R 5DB.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company accounting policies.

i) *Assessing indicators of impairment*

In assessing whether there have been any indicators of impaired assets, the directors have considered both external and internal sources of information such as market conditions, counterparty credit ratings and experience of recoverability. There have been no indicators of impairments identified during the current financial year.

ii) *Revenue recognition*

The company recognises revenue from the provision of services in accordance with the stage of completion of the contract. In making its judgement as to the degree of completion achieved and the estimate of costs to complete the contract, management consider that while there is a degree of judgement in determining these factors, there is sufficient certainty to ensure that the company meets the requirements of FRS 102 in relation to revenue recognition.

iii) *Recoverability of receivables*

The company establishes a provision for receivables that are estimated not to be recoverable. When assessing recoverability the directors consider factors such as the aging of receivables, past experience of recoverability, and the credit profile of individuals or group customers.

2.2 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 the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- 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);
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Talent BidCo Limited as at 31 December 2021 and these financial statements may be obtained from the registered office.

CIELO TALENT MANAGEMENT LIMITED

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

2. Accounting policies (continued)**2.3 Going concern**

The financial statements have been prepared on a going concern basis. The Directors have considered relevant information, including the annual budget and the ongoing impact of inflationary and interest rate risks. The UK Group has no external finance which reduces the interest rate risk.

The Directors have performed a robust analysis of forecast future cash flows for the UK Group taking into account all possible future scenarios arising from market conditions. They have also reviewed the performance of the parent entity, who have confirmed their intention to support the UK Group, however support is not currently deemed necessary. These analyses also consider the effectiveness of other available measures to assist in mitigating the impact.

Based on these assessments and having regard to the resources available to the entity, the Directors have concluded that there is no material uncertainty and that they can continue to adopt the going concern basis in preparing the annual report and accounts.

2.4 Turnover

Turnover in respect of permanent placement fees is recognised when the company has fulfilled its contractual obligations in accordance with the underlying contracts. Depending on the contract, this is on the start date of the candidates' employment, or when a candidate accepts an offer of employment and a start date has been determined. Turnover excludes value added tax.

2.5 Intangible assets

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

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

2.6 Tangible fixed assets

Tangible fixed assets are carried at cost less accumulated depreciation and impairment. The cost includes all necessary costs to bring the asset to working condition for its intended use.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

The estimated useful lives range as follows:

Leasehold improvements	- over the term of the lease
Other fixed assets	- 33% on cost

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 profit or loss.

CIELO TALENT MANAGEMENT LIMITED

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

2. Accounting policies (continued)**2.7 Investments**

Investments in subsidiaries are measured at cost less accumulated impairment.

2.8 Debtors

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

2.9 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.

2.10 Financial instruments

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

2.11 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 method.

2.12 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Statement of income and retained earnings in the same period as the related expenditure.

2.13 Capital contribution

Assets contributed from the parent company for no consideration and with no requirement for any repayment are treated as capital contributions. These amounts are credited to a non-distributable reserve.

CIELO TALENT MANAGEMENT LIMITED

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

2. Accounting policies (continued)

2.14 Foreign currency translation

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

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

2.15 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

2.16 Operating and finance leases

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

Fixed assets acquired under finance leases, which transfer to the lessee substantially all the benefits and risks of ownership of the asset are treated as if they have been purchased. The interest element of these obligations is charged against profit in proportion to the capital sum outstanding.

2.17 Pensions

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to statement of income and retained earnings in the period to which they relate.

2.18 Provisions for liabilities

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

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

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

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

2. Accounting policies (continued)

2.19 Current and deferred taxation

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

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

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

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

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

2.20 Consolidation

The financial statements contain information about Cielo Talent Management Limited as an individual company and not consolidated financial information as the parent company of the group. The company is exempt under section 401 of the companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings will be included by full consolidation in the consolidated financial statements of its ultimate UK parent company, Talent Bidco Limited, a company registered in the UK.

2.21 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

2.22 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight-line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

CIELO TALENT MANAGEMENT LIMITED

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

3. Turnover

Analysis of turnover by country of destination:

	2022 £000	2021 £000
United Kingdom	60,629	41,463
Rest of Europe	7,002	8,187
Rest of the world	4,056	1,131
	<u>71,687</u>	<u>50,781</u>

All of the turnover during the year related to the provision of services.

4. Other operating income

	2022 £000	2021 £000
Other operating income	2,018	29
Government grants receivable	-	3
	<u>-</u>	<u>3</u>

During the prior year, the company took advantage of the Coronavirus Job Retention Scheme as permitted by the UK Government, and received £3,000 in government grants as part of this scheme.

5. Operating profit

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

	2022 £000	2021 £000
Depreciation	202	250
Amortisation	43	32
Exchange differences	(198)	126
Other operating lease rentals	618	869
	<u>618</u>	<u>869</u>

CIELO TALENT MANAGEMENT LIMITED

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

6. Employees

Staff costs were as follows:

	2022	2021
	£000	£000
Wages and salaries	16,023	10,646
Social security costs	3,043	2,005
Cost of defined contribution scheme	333	276
	19,399	12,927

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

	2022	2021
	No.	No.
Sales and administration	318	262

7. Directors' remuneration

All directors are remunerated by other group entities, and no retirement benefits in respect of defined contribution pension schemes were accrued.

8. Income from investments

	2022	2021
	£000	£000
Dividends received from subsidiaries	-	3,649

9. Interest payable and similar expenses

	2022	2021
	£000	£000
Bank interest payable	2	4

CIELO TALENT MANAGEMENT LIMITED

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

10. Taxation

	2022 £000	2021 £000
Corporation tax		
Current tax on profits for the year	416	(1)
Foreign tax		
Foreign tax on income for the year	(16)	-
Total current tax	<u>400</u>	<u>(1)</u>
Deferred tax		
Origination and reversal of timing differences	(8)	36
Deferred tax in prior year	(22)	-
Total deferred tax	<u>(30)</u>	<u>36</u>
Taxation on profit on ordinary activities	<u><u>370</u></u>	<u><u>35</u></u>

Factors affecting tax charge for the year

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

	2022 £000	2021 £000
Profit on ordinary activities before tax	<u>3,230</u>	<u>6,203</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	614	1,179
Effects of:		
Expenses not deductible for tax purposes	37	16
Utilisation of tax losses	(137)	(465)
Higher rate taxes on overseas earnings	3	-
Adjustments to tax charge in respect of prior periods	(22)	-
Non-taxable income	-	(695)
Double taxation relief	(16)	-
Group relief	(109)	-
Total tax charge for the year	<u><u>370</u></u>	<u><u>35</u></u>

CIELO TALENT MANAGEMENT LIMITED

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

10. Taxation (continued)**Factors that may affect future tax charges**

An increase to the UK corporation tax main rate was announced in March 2021 from 19% to 25% effective from 1 April 2023. Businesses with profits of £50,000 or less, will continue to be taxed at 19% and a taper above £50,000 will be introduced so that only businesses with profits greater than £250,000 will be taxed at the full 25% rate.

11. Dividends

	2022	2021
	£000	£000
Dividends paid on equity shares	-	137

12. Exceptional items

	2022	2021
	£000	£000
Restructuring costs	2,461	-
Project costs	-	587

Restructuring costs were incurred during the year of £2,461,000, following a review of the cost base by management.

CIELO TALENT MANAGEMENT LIMITED

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

13. Intangible assets

	Development costs £000
Cost	
At 1 January 2022	172
At 31 December 2022	<u>172</u>
Amortisation	
At 1 January 2022	32
Charge for the year on owned assets	43
At 31 December 2022	<u>75</u>
Net book value	
At 31 December 2022	<u>97</u>
At 31 December 2021	<u>140</u>

CIELO TALENT MANAGEMENT LIMITED

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

14. Tangible fixed assets

	Long-term leasehold property £000	Fixtures, fittings and equipment £000	Total £000
Cost or valuation			
At 1 January 2022	553	2,552	3,105
Additions	55	47	102
At 31 December 2022	<u>608</u>	<u>2,599</u>	<u>3,207</u>
Depreciation			
At 1 January 2022	352	2,370	2,722
Charge for the year on owned assets	65	137	202
At 31 December 2022	<u>417</u>	<u>2,507</u>	<u>2,924</u>
Net book value			
At 31 December 2022	<u>191</u>	<u>92</u>	<u>283</u>
At 31 December 2021	<u>201</u>	<u>182</u>	<u>383</u>

CIELO TALENT MANAGEMENT LIMITED

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15. Fixed asset investments

	Investments in subsidiary companies £000
Cost or valuation	
At 1 January 2022	17,564
Additions	1,236
At 31 December 2022	18,800

The Company owns 100% of the ordinary share capital of the following subsidiaries, together with their registered office and country of incorporation, all of which are engaged in talent management:

- Moorland Gray FZ LLC - Office 110, Building 3, Dubai Knowledge Park, Dubai, UAE
- Cielo Talent FZ LLC - Office 110, Building 3, Dubai Knowledge Park Dubai, UAE
- Cielo Talent Limited - 4/F, Lee Garden Three, 1 Sunning Road, Causeway Bay, Hong Kong
- Cielo Talent Pte. Ltd - 3 Temasek Avenue, Level 18, Centennial Tower, Singapore
- Cielo Switzerland GmbH - Ruessenstrasse 5, 6340 Baar, Switzerland
- Cielo Talent Kft - Balance Hall, Váci út 99, Budapest 1139, Hungary
- Cielo Talent GmbH - Fourth floor, Waidmarkt 11, Cologne, 50676, Germany
- Cielo Talent Pty Ltd - 16 Yacht Street, Southport, Queensland 4215, Australia
- Cielo Talent Ltd - Av. Sagitário, 138 - Alpha Conde I, Barueri - SP, Brazil
- Cielo Talent India Private Limited - Tower A, Paras Twin Towers, Golf Course Road, Sector 54 Gurugram, Haryana 122011
- Cielo China - Room 1007A, 10th New Hongqiao Center Building, 83 Loushanguan Road, Shanghai

During the year, the company made capital contributions to various subsidiaries, totalling £1,236,000.

16. Debtors

	2022 £000	2021 £000
Trade debtors	10,836	7,016
Other debtors	1,721	1,395
Prepayments and accrued income	176	473
Invoice discounting	235	40
Tax recoverable	151	28
	13,119	8,952

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17. Cash and cash equivalents

	2022 £000	2021 £000
Cash at bank and in hand	2,247	4,225

18. Creditors: Amounts falling due within one year

	2022 £000	2021 £000
Trade creditors	1,219	580
Amounts owed to group undertakings	7,067	10,919
Other taxation and social security	1,232	978
Other creditors	3,467	2,544
Accruals and deferred income	3,213	3,227
	<u>16,198</u>	<u>18,248</u>

Amounts owed to group companies are unsecured.

The company has entered into an invoice discounting facility during the year, the debts of which are secured on the assets to which they relate. The balance is a debtor at the year end.

19. Deferred taxation

	2022 £000
At beginning of year	(43)
Charged to profit or loss	30
At end of year	<u>(13)</u>

The provision for deferred taxation is made up as follows:

	2022 £000	2021 £000
Accelerated capital allowances	<u>(13)</u>	<u>(43)</u>

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20. Share capital

	2022 £000	2021 £000
Allotted, called up and fully paid		
328,314 (2021 - 328,314) Ordinary shares of £1.00 each	<u>328</u>	<u>328</u>

21. Reserves**Capital contributions reserve**

The Capital contributions reserve represents amounts received from the parent company with no requirement for repayment and are non-distributable.

Profit and loss account

This reserve represents cumulative profits and losses net of any dividends paid.

22. Pension commitments

The Company made contributions to a number of defined contributions schemes, the assets of these schemes being held separately from the assets of the Company. The pension cost charge contributions payable to the schemes for the year ended 31 December 2022 amounted to £333,000 (2021: £276,000). At 31 December 2022 there was a pension liability outstanding of £67,000 (2021: £56,000).

23. Commitments under operating leases

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

	2022 £000	2021 £000
Not later than 1 year	167	306
Later than 1 year and not later than 5 years	<u>1,348</u>	<u>512</u>
	<u>1,515</u>	<u>818</u>

24. Ultimate parent company and controlling parties

The company's immediate parent company is Cielo Talent Limited, and the parent company of the smallest group that prepares consolidated accounts is Talent Bidco Limited, both of which are incorporated in England and Wales. The ultimate parent company is Sky HoldCo Corp, a corporation registered in USA. There is no individual ultimate controlling party.

CIELO TALENT MANAGEMENT LIMITED

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25. Related party transactions

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