

Registered number: 04645331

Circet (UK) Limited

Directors' Report and Financial Statements

For the Year Ended 31 December 2023



Circet (UK) Limited

Contents

	Page
Company Information	1
Strategic Report	2 - 5
Directors' Report	6 - 8
Directors' Responsibilities Statement	9
Independent Auditors' Report	10 - 13
Statement of Comprehensive Income	14
Statement of Financial Position	15
Statement of Changes in Equity	16
Notes to the Financial Statements	17 - 35

Circet (UK) Limited

Company Information

Directors	Damien Gallagher Donagh Kelly Eamonn O'Kennedy
Company secretary	Donagh Kelly
Registered number	04645331
Registered office	221 Dover Road Slough Berkshire London SL1 4RF
Independent auditors	Mazars Chartered Accountants & Statutory Audit Firm Block 3 Harcourt Road Harcourt Centre Dublin 2
Bankers	Bank of Ireland P.O. Box 1755 Croydon London CR9 25B
Solicitors	A&L Goodbody North Wall Quay North Wall Dublin 1

Circet (UK) Limited

Strategic Report For the Year Ended 31 December 2023

Introduction

The directors submit their strategic report for Circet (UK) Limited for year ended 31 December 2023.

Business review

The company's turnover for the year 31 December 2023 was £255,556,593 (2022: £259,085,477). Gross margin increased to 13% in the year ended 31 December 2023 (2022: 9%).

The directors consider turnover, gross margin, EBITDA, AFR (Accident Frequency Rate) and labour productivity to be key performance indicators.

The development strategy of the company includes expanding its product offering and increasing profitability through cost efficiencies. The directors are satisfied with the results for the year. The development of existing activities will continue to be the focus of attention in the coming year. The directors are conscious of the need to continue to grow and develop the company and are confident that such growth can be delivered through a continued emphasis on cost and margin controls and market share enhancement.

The company requires all of its operating units to operate in an environmentally responsible manner. The resources and processes that we have put in place are focussed on achieving industry best practice standards at all of our locations. Our environmental policy is to:

- Comply as a minimum, with all applicable environmental legislation and develop our environmental stewardship towards industry best practice;
- Ensure all of our employees are aware of their environmental responsibilities;
- Optimise our use of energy and resources through efficiency gains and recycling;
- Be good neighbours in every community in which we operate.

The company seeks to achieve industry best practice standards of health and safety. We recognise that this is a critical issue for all our stakeholders particularly for our employees and contractors.

Overall responsibility for human resources lies with allocated members of the management team. Day to day responsibility for ensuring that the company's employment policies are effectively implemented lies with the group CEO and HR director. The company ensures the training requirements of staff are catered for on an ongoing basis.

Circet (UK) Limited

Strategic Report (continued)
For the Year Ended 31 December 2023

Principal risks and uncertainties

In the normal course of business, the company is exposed to fluctuations in exchange rates, interest rates and changes to the price of inputs. The risks associated with these fluctuations are managed in accordance with policies approved by the board of directors. The board's policies are implemented by the company and group finance function.

Financial Risk Management

The company's principal financial instruments comprise invoice discounting facilities, finance leases and hire purchase contracts, and cash and short-term deposits. The main purpose of these financial instruments is to raise finance for the company's operations. The company has various other financial assets and liabilities such as trade receivables and trade payables, which directly arise from its operations.

Price Risk

The company is exposed to price risk in relation to sub-contractors and raw materials. The company has in place policies and procedures approved by the board to mitigate these risks. The directors will revisit the appropriateness of these policies should the company's operations change in size or nature.

Foreign Exchange Risk

The company is exposed to foreign exchange risk in the normal course of business. The company's policy on mitigating the effect of this exposure is to hedge receivables against payables in foreign currency on an ongoing basis.

Credit Risks

The company has implemented policies that require the appropriate checks on potential customers before sales are made.

Liquidity Risk

The company actively maintains a mix of finance that is designed to ensure the company has sufficient available funds for operations and planned expenditure.

Circet (UK) Limited

Strategic Report (continued) For the Year Ended 31 December 2023

Directors' statement of compliance with duty to promote the success of the Company

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

The likely consequence of any decision in the long term

As part of the Circet Group, we have a detailed budget and five year strategic plan which incorporates the key decisions and risks. The strategic plan is underpinned by the risk appetite of the overall group. As part of our planning process, we consider the input and requirements of our key customers and suppliers with a focus on quality and Health and Safety. The input from our employees was invaluable as we formulated our plans and the board took the opportunity to review and reconfirm the group's focus on Health, Safety, Environment, Quality and Training, with the relaunch of the Ten Golden Rules and a state of the art training centre in Ireland. We are continuing to work with our customers, suppliers and employees to work on enhancing how we do things, always striving to improve our processes. Our plans are demanding but will position the company well against our longer-term value creation vision whilst honouring our commitments to our stakeholders.

The interests of the company's employees

In today's volatile, complex and uncertain world, the efficient management of people is one of the key drivers of business success. One of the challenges for companies is aligning the interests of the employees with those of the business. The group are focused on ensuring employees are motivated and safe in their working environment.

The need to foster the company's business relationships with suppliers, customers and others

A priority for the company, board and employees is to form sustainable and long-lasting relationships with both customers and suppliers. We work to provide the highest level of excellence and professionalism when dealing with all stakeholders. We obtain regular feedback from customers and suppliers and aim to incorporate this into our way of operating. We are driven to be innovative and proactive in delivering solutions that meet our client's expectations while not losing sight of their changing requirements.

We encourage our supply chain to share our passion to embed safety excellence into everything we do.

The impact of the company's operations on the community and the environment

All of our activities are undertaken with particular care for the communities where we operate, ensuring that we meet the highest safety and quality standards with maximum respect for the environment. We work with our customers and suppliers to ensure we are improving our processes to continue to operate in a sustainable manner.

The desirability of the company maintaining a reputation for high standards of business conduct

Our mission is to provide leading-edge infrastructural solutions, spanning communications, power, transport and civil projects. We do this through exceptional management delivering the highest standards of safety, quality and customer service. Our vision is to be a world class leader, recognised for delivering innovative and robust solutions internationally. We plan to consolidate our existing operations while spanning into different regions.

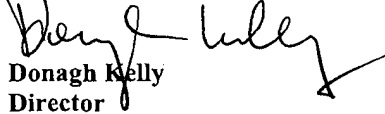
Circet (UK) Limited

Strategic Report (continued)
For the Year Ended 31 December 2023

The need to act fairly as between members of the company

The Group's Code of Ethics and Conduct, which incorporates the principles and values of the shareholders, is championed by the board of directors and wider management teams. It sets out the core principles, standards and conduct that enable us to accomplish our goals and promote our values, outlining the relevant legal and ethical standards and offering useful practical advice on how our staff should conduct themselves. Our Code of Ethics is applicable to all directors and employees.

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


Donagh Kelly
Director

Date: 28 March 2024

Circet (UK) Limited

Directors' Report

For the Year Ended 31 December 2023

The directors present their report and the financial statements for the year ended 31 December 2023.

Principal activity

The principal activity of the company is providing managed services to both the fixed and mobile telecommunications industry in the form of design, planning, installation, commissioning, operation and maintenance of networks and the provisioning of networks and infrastructure for the deployment of telecommunications and associated services in both the telecoms and rail sectors.

Results and dividends

The profit for the year, after taxation, amounted to £3,882,930 (2022 - £6,066,800).

The directors do not recommend payment of a final dividend.

Holding company

The company is a wholly owned subsidiary of Circet Holdings Limited, a company incorporated in the Republic of Ireland, who in turn is a wholly owned subsidiary of Circet Ireland Limited. Circet Ireland Limited is owned by Circet Europe SAS, a company incorporated in France. The company deems Circet Holdings SAS, the ultimate parent company of Circet Europe SAS to be its ultimate parent company.

Directors

The directors who served during the year were:

Damien Gallagher
Donagh Kelly
Eamonn O'Kennedy

Political contributions

There were no political contributions made during the year.

Future developments

Details of future developments are provided in the strategic report.

Research and development activities

The company has engaged in a number of research and development projects during the year including AI deployment, field to service automation projects and platform development.

Events since the year end

There were no post balance sheet events between the year end and the date of signing of the financial statements affecting the Company which require disclosure.

Circet (UK) Limited

Directors' Report (continued) For the Year Ended 31 December 2023

Qualifying third party and pension scheme indemnity provisions

The directors who held office at the date of approval of this directors' report confirm that there is no third party indemnity provision or qualifying pension scheme indemnity provision in place for the benefit of the directors of the company or directors of an associated company.

Greenhouse gas emissions, energy consumption and energy efficiency action

The company meet the criteria for Streamlined Energy and Carbon Reporting ("SECR"). The report follows the SECR guidance and the GHG Reporting Protocol – Corporate Standard as the accepted methodology to meet the mandatory requirements. The UK government's greenhouse gas conversion factors have been used to calculate the carbon emissions. The following table demonstrates the GHG Emissions and Energy Usage Data for this financial year.

The company have chosen tonnes of gross CO₂e per total £1 of sales revenue as the reported SECR intensity metric. This is a relevant and common business metric and will serve as a consistent comparative for reporting purposes going forwards.

	2023 £	2022 £
GHG Emissions and Energy Use Data		
Energy consumption used to calculate emissions: /kWh	24,324,049	24,598,150
Emissions from combustion of gas (tCO ₂ e)	-	-
Emissions from combustion of fuel for transport purposes (tCO ₂ e)	5,799	5,262
Emissions from purchased electricity (tCO ₂ e)	108	109
Total gross tCO ₂ e based on above	5,907	5,371
Intensity ratio: gross tCO ₂ e per £1 revenue	<u>0.000023</u>	<u>0.000021</u>

Matters covered in the strategic report

As permitted by Paragraph 1A of schedule 7 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 certain matters which are required to be disclosed in the Director's Report have been omitted as they are included in the Strategic Report. These matters relates to the principal activities of the business, review of the business, future developments and how the directors have engaged with employees.

Disclosure of information to auditors

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

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

Circet (UK) Limited

Directors' Report (continued)
For the Year Ended 31 December 2023

Auditors

The auditors, Mazars, Chartered Accountants & Statutory Audit Firm, have indicated their willingness to be re-appointed in accordance with Section 485(2) of the Companies Act 2006.

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



Donagh Kelly
Director

Date: 28 March 2024

Circet (UK) Limited

Directors' Responsibilities Statement For the Year Ended 31 December 2023

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.

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

Independent Auditors' Report to the Members of Circet (UK) Limited

Opinion

We have audited the financial statements of Circet (UK) Limited (the 'Company') for the year ended 31 December 2023, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Independent Auditors' Report to the Members of Circet (UK) Limited (continued)

Other information

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 9, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Independent Auditors' Report to the Members of Circet (UK) Limited (continued) **Auditors' responsibilities for the audit of the financial statements**

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

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

- The engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- We identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and experience of the sector;
- We focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including the Companies Act 2006, taxation legislation and data protection, anti-bribery, employment and health and safety legislation;
- We assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- Identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing and assessed whether judgements and assumptions made in determining the accounting estimates set out in note 4 were indicative of potential bias.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- Agreeing financial statement disclosures to underlying supporting documentation;
- Reading the minutes of meetings of those charged with governance;
- Enquiring of management as to actual and potential litigation and claims; and
- Reviewing correspondence with HMRC and the company's legal advisors.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

Independent Auditors' Report to the Members of Circet (UK) Limited (continued)

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

Use of our report

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



Jilly Harvey (Senior Statutory Auditor)

for and on behalf of

Mazars

**Chartered Accountants
& Statutory Audit Firm**

Block 3

Harcourt Road

Harcourt Centre

Dublin 2

28 March 2024

Circet (UK) Limited

Statement of Comprehensive Income
For the Year Ended 31 December 2023

	Note	2023 £	2022 £
Turnover	5	255,556,593	259,085,477
Cost of sales		(221,896,051)	(235,528,864)
Gross profit		33,660,542	23,556,613
Administrative expenses		(6,194,151)	(8,007,098)
Exceptional items	9	(37,861)	(231,864)
Licence fees		(20,395,815)	(7,079,119)
Operating profit	6	7,032,715	8,238,532
Interest receivable and similar income	8	48,347	1,295
Interest payable and similar expenses	9	(2,044,715)	(847,544)
Profit before tax		5,036,347	7,392,283
Tax on profit	11	(1,153,417)	(1,325,483)
Profit for the financial year		3,882,930	6,066,800


There was no other comprehensive income for 2023 (2022:£NIL).

Circet (UK) Limited
Registered number:04645331

Statement of Financial Position
As at 31 December 2023

	Note	2023 £	2022 £
Fixed assets			
Tangible assets	13	3,173,580	2,797,411
Financial asset	14	58,368,588	58,368,588
		<u>61,542,168</u>	<u>61,165,999</u>
Current assets			
Stocks	15	43,262,116	46,508,216
Debtors: amounts falling due within one year	16	28,429,136	30,958,962
Cash at bank and in hand	17	18,643,635	13,818,244
		<u>90,334,887</u>	<u>91,285,422</u>
Creditors: amounts falling due within one year	18	(81,160,016)	(85,472,083)
Net current assets		<u>9,174,871</u>	<u>5,813,339</u>
Total assets less current liabilities		<u>70,717,039</u>	<u>66,979,338</u>
Provisions for liabilities			
Deferred tax	12	(67,940)	(213,169)
		<u>(67,940)</u>	<u>(213,169)</u>
Net assets		<u><u>70,649,099</u></u>	<u><u>66,766,169</u></u>
Capital and reserves			
Called up share capital	19	41,031,180	41,031,180
Share premium account	20	174,930	174,930
Profit and loss account	20	29,442,989	25,560,059
		<u>70,649,099</u>	<u>66,766,169</u>

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


Donagh Kelly
Director

Date: 28 March 2024

Circet (UK) Limited

Statement of Changes in Equity
For the Year Ended 31 December 2023

	Called up share capital £	Share premium account £	Profit and loss account £	Total equity £
At 31 December 2021	100	174,930	19,493,259	19,668,289
Comprehensive income for the year				
Profit for the year	-	-	6,066,800	6,066,800
Shares issued during the year	41,031,080	-	-	41,031,080
At 31 December 2022	41,031,180	174,930	25,560,059	66,766,169
Comprehensive income for the year				
Profit for the year	-	-	3,882,930	3,882,930
At 31 December 2023	41,031,180	174,930	29,442,989	70,649,099

Circet (UK) Limited

Notes to the Financial Statements For the Year Ended 31 December 2023

1. General information

Circet (UK) Limited (“the company”) is a private company limited by shares incorporated in England. The Registered Office is 221 Dover Road, Slough, Berkshire, London, SL1 4RF, United Kingdom.

The principal activity of the company is providing managed services to both the fixed and mobile telecommunications industry in the form of design, planning, installation, commissioning, operation and maintenance of networks and the provisioning of networks and infrastructure for the deployment of telecommunications and associated services in both the telecoms and rail sectors.

2. Statement of compliance

The financial statements have been prepared in accordance with the United Kingdom Accounting Standards, including Financial Reporting Standard 102, “The Financial Reporting Standard applicable in the United Kingdom & the Republic of Ireland” (“FRS 102”) and the Companies Act 2006.

3. Summary of significant accounting policies

3.1 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 judgement in applying the company’s accounting policies (see note 4).

The following principal accounting policies have been applied:

3.2 Exemptions for qualifying entities under FRS102

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including notification of, and no objection to the use of exemptions by the company’s shareholders.

The company has taken advantage of the following exemptions:

- (i) from preparing a statement of cash flows, on the basis that it is a qualifying entity and the consolidated statement of cash flows of Circet Holdings Limited, includes the company’s cash flows;
- (ii) from the financial instrument disclosures, required under FRS 102 paragraphs 11.39 to 11.48A and paragraph 12.26 to 12.29, as the information is provided in the consolidated financial statements disclosures;
- (iii) from disclosing the company key management personnel compensation, as required by FRS 102 paragraph 33.7.

Notes to the Financial Statements
For the Year Ended 31 December 2023

3. Summary of significant accounting policies (continued)

3.3 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is Pound Sterling.

Transactions and balances

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

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

3.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from rendering of services is recognised in the accounting period in which the services are rendered when the outcome of contract can be estimated reliably.

3.5 Employee benefits

The company provides a range of benefits to employees, including paid holiday arrangements and defined contribution pension plans.

Short-term benefits

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the financial year.

Defined contribution pension plans

The company operates a defined contribution scheme for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown in accruals in the balance sheet. The assets of the plan are held separately from the company in independently administered funds.

Notes to the Financial Statements
For the Year Ended 31 December 2023

3. Summary of significant accounting policies (continued)

3.6 Leases

At inception the company assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement.

Finance lease

Leases of assets that transfer substantially all the risks and rewards incidental to ownership are classified as finance leases.

Finance leases are capitalised at commencement of the lease as assets at the fair value of the leased asset or, if lower, the present value of the minimum lease payments calculated using the interest rate implicit in the lease. Where the implicit rate cannot be determined the company's incremental borrowing rate is used. Incremental direct costs, incurred in negotiating and arranging the lease, are included in the cost of the asset.

Assets are depreciated over the shorter of the lease term and the estimated useful life of the asset. Assets are assessed for impairment at each reporting date.

The capital element of lease obligations is recorded as a liability on inception of the arrangement. Lease payments are apportioned between capital repayment and finance charge, using the effective interest rate method, to produce a constant rate of charge on the balance of the capital repayments outstanding.

Operating lease

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the profit and loss account on a straight-line basis over the period of the lease.

Lease incentives

Incentives received to enter into a finance lease reduce the fair value of the asset and are included in the calculation of present value of minimum lease payments.

Incentives received to enter into an operating lease are credited to the profit and loss account, to reduce the lease expense, on a straight-line basis over the period of the lease.

Notes to the Financial Statements
For the Year Ended 31 December 2023

3. Summary of significant accounting policies (continued)

3.7 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 reporting 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 Statement of Financial Position 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 reporting date.

3.8 Tangible fixed assets

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

3. Summary of significant accounting policies (continued)

3.8 Tangible fixed assets (continued)

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.

Depreciation is provided on the following basis:

Leasehold improvements	-	25%
Plant and machinery	-	16.67%
Motor vehicles	-	8-25%
Computer equipment	-	25%

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.

Subsequent additions

Subsequent costs are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that economic benefits associated with the item will flow to the company and the cost can be measured reliably.

The carrying amount of any replaced component is derecognised. Major components are treated as a separate asset where they have significantly different patterns of consumption of economic benefits and are depreciated separately over its useful life.

Repairs, maintenance and minor inspection costs are expensed as incurred.

3.9 Stocks and work in progress

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

3.10 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 and loans to related parties.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured initially and subsequently, at the undiscounted amount of the cash or other consideration expected to

Notes to the Financial Statements
For the Year Ended 31 December 2023

3. Summary of significant accounting policies (continued)

3.10 Financial instruments (continued)

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 in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

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 amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

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.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate. The company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

3.11 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.

3.12 Cash and cash equivalents

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

Notes to the Financial Statements
For the Year Ended 31 December 2023

3. Summary of significant accounting policies (continued)

3.13 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

3.14 Distribution to equity holders

Dividends and other distributions to the company's shareholders are recognised as a liability in the financial statements in the period in which the dividends and other distributions are approved by the company's shareholders. These amounts are recognised in the Statement of Changes in Equity.

3.15 Provisions and contingencies

Provisions

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount of the obligation can be estimated reliably.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Contingencies

Contingent liabilities, arising as a result of past events, are not recognised when (i) it is not probable that there will be an outflow of resources or that the amount cannot be reliably measured at the reporting date or (ii) when the existence will be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the company's control. Contingent liabilities are disclosed in the financial statements unless the probability of an outflow of resources is remote.

Contingent assets are not recognised. Contingent assets are disclosed in the financial statements when an inflow of economic benefits is probable.

3.16 Related party transactions

The company avails of the exemption contained in FRS 102 Section 33 Related Party Disclosures and does not disclose transactions entered into between wholly owned members of the group, transactions with entities not wholly group owned are disclosed in accordance with the accounting standards and Companies Act 2006.

3.17 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Notes to the Financial Statements
For the Year Ended 31 December 2023

3. Summary of significant accounting policies (continued)

3.18 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.

3.19 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest 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 instrument.

3.20 Interest income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

3.21 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 Statement of Financial Position 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 Statement of Financial Position.

3.22 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.

Circet (UK) Limited

Notes to the Financial Statements For the Year Ended 31 December 2023

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

The company made judgements, estimates and assumptions about the carrying amounts of assets and liabilities that were not readily apparent from other sources in the application of the company's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors that are considered to be reasonable under the circumstances. Actual results may differ from the estimates.

Management is of the opinion that there are no critical judgements (other than those involving estimates) that have a significant effect on the amounts recognised in the financial statements.

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 discussed below:

Impairment of work in progress

The company reviews its amounts of work in progress outstanding on continuous basis for any objective evidence of impairment by considering factors including the ageing profile and likelihood of obtaining customer sign off on outstanding balances. The company's work in progress as at 31 December 2023 was £40,931,703 (2022: £44,161,325) (Note 15).

Impairment of trade debtors

The company assesses its trade debtors on a continuous basis for any objective evidence of impairment by considering factors, including the ageing profile, the creditworthiness and the past collection history of each debtor. If the financial conditions of these debtors were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required. The company's trade debtors carrying amounts as at 31 December 2023 were £14,437,575 (2022: £13,978,845) (Note 16).

5. Turnover

Turnover arises mainly from the principal activity of the company undertaken wholly within the United Kingdom.

	2023	2022
	£	£
Rendering of services	255,556,593	259,085,477

Circet (UK) Limited

Notes to the Financial Statements
For the Year Ended 31 December 2023

6. Operating profit

The operating profit is stated after charging:

	2023	2022
	£	£
Auditors remuneration	20,500	20,500
Taxation services	5,000	5,000
Exchange differences	(708,356)	1,506,261
Other operating lease rentals	547,960	671,235
Depreciation on tangible fixed assets	779,126	787,139
	<u>779,126</u>	<u>787,139</u>

7. Employees

Staff costs were as follows:

	2023	2022
	£	£
Wages and salaries	37,117,387	38,232,153
Social security costs	3,889,143	4,024,998
Redundancy costs	103,868	232,699
Cost of defined contribution pension scheme	784,597	723,844
	<u>41,894,995</u>	<u>43,213,694</u>

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

	2023	2022
	No.	No.
Operatives	371	331
Administration	496	539
	<u>867</u>	<u>870</u>

8. Interest receivable

	2023	2022
	£	£
Other interest receivable	48,347	1,295
	<u>48,347</u>	<u>1,295</u>

Circet (UK) Limited

Notes to the Financial Statements
For the Year Ended 31 December 2023

9. Interest payable and similar expenses

	2023 £	2022 £
Bank and other interest payable	2,044,715	847,544

10. Exceptional items

	2023 £	2022 £
Redundancy costs	24,231	231,864
Professional fees	13,630	-
	<u>37,861</u>	<u>231,864</u>

11. Taxation

	2023 £	2022 £
Corporation tax		
Current tax on profits for the year	1,298,646	1,070,057
Deferred tax - current year	(145,229)	255,426
Taxation on profit on ordinary activities	<u>1,153,417</u>	<u>1,325,483</u>

Circet (UK) Limited

Notes to the Financial Statements
For the Year Ended 31 December 2023

11. Taxation (continued)**Factors affecting tax charge for the year**

The tax assessed for the year is 19% for the period to 31 March 2023 and 25% for the period to 31 December 2023 (2022 - 19%) the standard rate of corporation tax in the United Kingdom of 25% (2022 -19 %). The differences are explained below:

	2023 £	2022 £
Profit on ordinary activities before tax	5,036,353	7,392,283
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2022 - 19%)	237,920	1,404,534
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 25%	946,036	-
Effects of:		
Other adjustments impacting tax charge	41,712	(2,051)
Capital allowances for year in excess of depreciation	(147,016)	(332,426)
Underprovision in respect to prior years	219,994	-
Movement in deferred tax	(145,229)	255,426
Total tax charge for the year	<u><u>1,153,417</u></u>	<u><u>1,325,483</u></u>

The company has applied the temporary exemption issued by the FRC in July 2023 from the accounting requirement for deferred taxes in FRS 102 Section 29. Accordingly the company neither recognises nor discloses information about deferred tax assets and liabilities related to Pillar Two taxes.

The company is continuing to assess the impact of the Pillar Two income taxes legislation on its future financial performance.

In the Spring Budget 2021, the UK Government announced from 1 April 2023 the corporation tax rate would increase to 25% (rather than remaining at 19%, as previously enacted). This new law was substantively enacted on 24 May 2021. For the financial year ended 31 December 2023, the current weighted averaged rate was 23.5%.

Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

Circet (UK) Limited

Notes to the Financial Statements
For the Year Ended 31 December 2023

12. Deferred taxation

	2023	2022
	£	£
At beginning of year	(213,169)	42,257
Movement in the year	145,229	(255,426)
At end of year	<u>(67,940)</u>	<u>(213,169)</u>

The provision for deferred taxation is made up as follows:

	2023	2022
	£	£
Arising on fixed assets	508,739	417,606
Other timing differences	<u>(440,799)</u>	<u>(204,440)</u>

Circet (UK) Limited

Notes to the Financial Statements
For the Year Ended 31 December 2023

13. Tangible fixed assets

	Long-term leasehold property £	Motor vehicles £	Plant and machinery £	Computer equipment £	Total £
Cost or valuation					
At 1 January 2023	1,080,969	1,734,901	2,364,195	800,782	5,980,847
Additions	89,826	661,492	379,212	340,134	1,470,664
Disposals	-	(179,816)	(135,553)	-	(315,369)
At 31 December 2023	<u>1,170,795</u>	<u>2,216,577</u>	<u>2,607,854</u>	<u>1,140,916</u>	<u>7,136,142</u>
Depreciation					
At 1 January 2023	834,239	382,138	1,668,261	298,798	3,183,436
Charge for the year on owned assets	105,747	296,494	235,296	216,757	854,294
Disposals	-	(48,622)	(26,546)	-	(75,168)
At 31 December 2023	<u>939,986</u>	<u>630,010</u>	<u>1,877,011</u>	<u>515,555</u>	<u>3,962,562</u>
Net book value					
At 31 December 2023	<u>230,809</u>	<u>1,586,567</u>	<u>730,843</u>	<u>625,361</u>	<u>3,173,580</u>
At 31 December 2022	<u>246,730</u>	<u>1,352,763</u>	<u>695,934</u>	<u>501,984</u>	<u>2,797,411</u>

The net book value of assets held under finance lease or hire purchase contracts, included above, are as follows:

	2023 £	2022 £
Plant and machinery	2,158	11,352
Motor vehicles	60,967	71,076

Circet (UK) Limited

Notes to the Financial Statements For the Year Ended 31 December 2023

14. Financial assets

	Investments in subsidiary companies £
At 1 January 2023	58,368,588
Additions	-
	<hr/>
At 31 December 2023	58,368,588
	<hr/> <hr/>

The company owns 100% of the share capital of Circet Wireless Limited and QUBE Holdings Limited.

15. Stocks

	2023 £	2022 £
Raw materials and consumables	2,330,413	2,346,891
Work in progress	40,931,703	44,161,325
	<hr/>	<hr/>
	43,262,116	46,508,216
	<hr/> <hr/>	<hr/> <hr/>

There is no material difference between the balance sheet value of stocks and their replacement values. The cost of goods sold in the year amounted to £14,389,820 (2022: £17,638,116).

16. Debtors

	2023 £	2022 £
Trade debtors	14,437,575	13,978,845
Amounts owed by group undertakings	4,070,067	11,339,975
Other debtors	7,281,794	3,588,256
Tax recoverable	513,662	453,637
Other taxation and social security	2,126,038	1,598,249
	<hr/>	<hr/>
	28,429,136	30,958,962
	<hr/> <hr/>	<hr/> <hr/>

Circet (UK) Limited

Notes to the Financial Statements For the Year Ended 31 December 2023

16. Debtors (continued)

Amount due from group undertakings

The amounts due from group undertakings are unsecured, interest free and repayable on demand.

Factoring arrangement

The company has a non-recourse factoring arrangement with ING Belgium SA/NV. Trade debtors above are shown net of factored debtors. In accordance with the agreement, the company is holding 8% of factored debtors in a dilution reserve which is shown in cash and cash equivalents 2023: £2,580,632 (2022: £1,208,160).

17. Cash and cash equivalents

	2023 £	2022 £
Cash at bank and in hand	18,643,635	13,818,244

18. Creditors: Amounts falling due within one year

	2023 £	2022 £
Trade creditors	11,692,079	11,220,298
Amounts owed to group undertakings	34,936,686	36,802,535
Amounts due to related parties	444,657	443,465
Other taxation and social security	1,638,937	1,495,412
VAT	2,582,622	2,818,129
Other creditors	10,925,147	9,034,294
Accruals and deferred income	18,939,888	23,657,950
	<u>81,160,016</u>	<u>85,472,083</u>

Reservation of title

Certain trade creditors purport to claim a reservation of title clause for goods supplied. Since the extent to which these creditors are secured at any time depends on a number of conditions, the validity of some of which is not readily determinable, it is not possible to indicate how much of the above was effectively secured.

Amount due to group undertakings

The amounts due to group undertakings are unsecured, interest free and repayable on demand.

Circet (UK) Limited

Notes to the Financial Statements For the Year Ended 31 December 2023

19. Share capital

	2023	2022
	£	£
Allotted, called up and fully paid		
41,031,180 Ordinary shares of £1.00 each	41,031,180	41,031,180

20. Reserves

Share premium account

The share premium reserve represents the premium on issue of the ordinary shares.

Profit and loss account

The profit and loss account represents cumulative gains and losses recognised, net of transfers to/from other reserves.

21. Related party transactions

Ultimate controlling party

The company is a wholly owned subsidiary of Circet Holdings Limited, a company incorporated in the Republic of Ireland, who in turn is a wholly owned subsidiary of Circet Ireland Limited. Circet Ireland Limited is owned by Circet Europe SAS, a company incorporated in France. The company deems Circet Holdings SAS, the ultimate parent company of Circet Europe SAS to be its ultimate parent company.

Amounts due to/from group companies

In the normal course of business the company undertakes transactions with Circet Holdings Limited and its subsidiary companies. The consolidated financial statements of Circet Holdings Limited will be publicly available in the Companies Registration Office and consequently the company is availing of the exemption contained in FRS 102 Section 33 *Related Party Disclosures* and is not disclosing its transactions between wholly owned group companies.

In the year under review, a related company by virtue of being under common control advanced £444,657 (2022: £443,465) and they remain outstanding at year end. Interest is charged at 1.25% annually. These amounts are unsecured and repayable on demand.

Circet (UK) Limited

Notes to the Financial Statements For the Year Ended 31 December 2023

22. Commitments under operating leases

At 31 December 2023, the company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2023 £	2022 £
Not later than 1 year	818,728	819,916
Later than 1 year and not later than 5 years	1,487,360	1,538,627
Later than 5 years	-	22,000
	<u>2,306,088</u>	<u>2,380,543</u>

23. Facilities and security

The facilities of the ultimate parent company, Circet Holdings SAS, are secured by fixed charge over the share capital of Circet Holdings Limited and certain material subsidiaries.

24. Group membership

Circet (UK) Limited has not presented a separate cash flow statement as it has availed of the exemption available to qualifying entities under Section 1.12(b) of FRS102.

The exemption is available as Circet (UK) Limited is a member of Circet Holdings Limited which itself prepares publicly available consolidated financial statements intended to give a true and fair view and Circet (UK) Limited is itself included in those consolidated financial statements.

Circet (UK) Limited has not made disclosures in respect of basic financial instruments and key management personnel as it has availed of the exemption available to qualifying entities under section 1.12(c & e) and the equivalent disclosures are included in the consolidated financial statements of Circet Holdings Limited in which Circet (UK) Limited is consolidated.

Copies of the consolidated financial statements of Circet Holdings Limited are available from:

The Company Secretary
Circet Holdings Limited
Cloverhill Industrial Estate
Cloverhill
Clondalkin
Dublin 22

25. Subsequent events

There were no post balance sheet events between the year end and the date of signing of the financial statements affecting the Company which require disclosure.

Circet (UK) Limited

Notes to the Financial Statements
For the Year Ended 31 December 2023

26. Prior year comparatives

The comparative figures for the prior year have been regrouped/reclassified for the purposes of consistency/comparability.

27. Approval of financial statements

The financial statements were approved and authorised for issue by the Board on 28 March 2024.