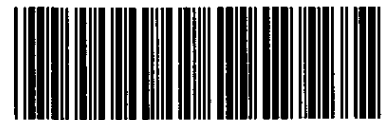


REGISTERED NUMBER: 04134381

**Annual Report and
Financial Statements
for the year ended 31 December 2023
for
Cellnex Connectivity Solutions Limited**

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Cellnex Connectivity Solutions Limited

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Cellnex Connectivity Solutions Limited

REGISTERED NUMBER: 04134381

Company Information for the year ended 31 December 2023

DIRECTORS:

C.C. Pelegay
G. Landolina
P. R. Stonadge
A. A. Villamarin (Resigned 31/01/2024)
A. M. Molins (Resigned on 31/10/2023)
D. W. Crawford (Resigned 31/01/2023)

REGISTERED OFFICE:

R+, 4th Floor, 2 Blagrove Street,
Reading,
United Kingdom, RG1 1AZ

Cellnex Connectivity Solutions Limited

Director's Report for the year ended 31 December 2023

The directors present their annual report on the affairs of Cellnex Connectivity Solutions Limited ("the Company") for the year ended 31 December 2023.

The Company is entitled to take the small companies' exemption (as defined by the Companies Act 2006) and therefore the Directors' report has been prepared in accordance with this provision. The exemption from preparing a strategic report has also been taken in accordance with section 414B of the Companies Act 2006.

The Company is included in the Cellnex UK Limited corporate structure, references to "the Group" refer to Cellnex UK and its subsidiaries.

DIRECTORS

The Directors of the Company who were in office during the year and up to the date of signing the financial statements except as noted were:

C. C. Pelegay
G. Landolina
P. R. Stonadge
A. A. Villamarin (Resigned 31/01/2024)
A. M. Molins (Resigned on 31/10/2023)
D. W. Crawford (Resigned 31/01/2023)

DIVIDENDS

The Company has not declared, proposed, or paid any dividend for the year to 31 December 2023. (2022: £nil).

REVIEW OF BUSINESS

Cellnex Connectivity Solutions Limited is a subsidiary of Cellnex UK, which is the largest wireless telecommunications and broadcasting infrastructure operator with sites in the United Kingdom and Ireland. Cellnex Connectivity Solutions Limited benefits from its parent's ability to raise capital, and follows Cellnex UK's business model, strategy, and ESG policies.

The Company is currently bidding for major contracts and the directors anticipate that success will boost revenue and EBITDA significantly.

The Directors have no plans to significantly change the activities of the Company.

POST BALANCE SHEET EVENTS

There is no post balance sheet event after the year end date to the reporting date.

PRINCIPAL ACTIVITIES

The principal activity of the Company is to provide mast sites and other telecommunication services to mobile and fixed wireless network operators.

BUSINESS CONTINUITY

The company considers there to be no risks that could threaten its activity and the maintenance of its current revenue-generating assets.

Cellnex Connectivity Solutions Limited

Director's Report - Continued for the year ended 31 December 2023

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's activities expose it to a number of financial risks, including cash flow risk, credit risk and liquidity risk. The use of financial instruments is governed by the Company's policies approved by the board of directors, which provide written principles on the use of financial derivatives to manage these risks. The Company does not use derivative financial instruments for speculative purposes.

Financial information risk

To mitigate risks relating to financial reporting and to ensure the reliability of such information, the Company has established an Internal Control over Financial Reporting System ("ICFRS"). The Company has a corporate risk control unit that is responsible for carrying out tests to verify compliance with the policies, manuals and procedures defined for the ICFRS, and for validating the effectiveness of controls in place to mitigate the risks related to these processes.

Cash flow risk

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates. Interest bearing assets and liabilities are held at fixed rates to ensure certainty of cash flows.

Credit risk

The Company's principal financial assets are bank balances, cash and trade and other receivables. The Company's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The Company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

Liquidity risk

To maintain liquidity to ensure that enough funds are available for ongoing operations and future developments, a mixture of long-term and short-term Group's debt finance are used by Cellnex Connectivity. Further details regarding liquidity risk can be found in the Statement of accounting policies in the financial statements. Cellnex Connectivity has financial support from Cellnex Telecom S.A. to face any kind of liquidity risk that could threaten the activity of the Company. Anyway, as explained in the Business Continuity section, currently there are not any risk that threaten the situation of the Company.

AUDITOR

Each of the persons who is a director at the date of approval of this report confirms that:

For the year ending 31 December 2023 the Company was entitled to exemption from audit under section 479A of the Companies Act 2006. No members have required the Company to obtain an audit of its accounts for the year in question in accordance with section 476 of the Companies Act 2006. The Directors acknowledge their responsibility for complying with the requirements of the Act with respect to accounting records and for the preparation of accounts

Cellnex Connectivity Solutions Limited

Director's Report - Continued for the year ended 31 December 2023

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

- select suitable accounting policies and apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors 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 keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

APPROVED FOR ISSUE BY THE BOARD OF DIRECTORS:



.....
Gianluca Landolina
Director

28 June 2024

Cellnex Connectivity Solutions Limited

Statement of Comprehensive Income for the year ended 31 December 2023

	Notes	31 December 2023 £'000	31 December 2022 £'000
Revenues	4	12,348	9,006
Cost of sales		(1,633)	(1,898)
Gross Profit		10,715	7,108
Depreciation and amortization		(9,699)	(9,702)
Other operating expenses		(944)	3,442
Total Operating expenses		(10,644)	(6,261)
Operating profits	5	71	848
Finance Costs and Income	6	22,140	141
Profit / (Loss) before tax		22,211	989
Tax	7	(2,251)	(359)
Loss and total comprehensive expense for the year		19,960	630

CONTINUING OPERATIONS

None of the Company's activities were acquired or discontinued during the current year or previous year.

Further comments on the Statement of Comprehensive Income line items are presented in the notes to the financial statements.

Cellnex Connectivity Solutions Limited

Statement of Financial Position for the year ended 31 December 2023

	Notes	31 December 2023 £'000	31 December 2022 £'000
Non-current assets			
Intangible assets	8	65,129	74,219
Property, plant and equipment	9	35,962	21,016
Total		101,091	95,236
Current assets			
Trade and other receivables	10	4,874	15,258
Cash and equivalents		-	2
Contract Assets	11	3,057	(328)
Borrowings	12	13	57
Total		7,944	14,989
Total assets		109,035	110,224
Current liabilities			
Contract liabilities	11	(3,396)	(3,229)
Trade and other payables	13	(12,663)	1,602
Lease liabilities	14	(207)	(261)
Total		(16,266)	(1,888)
Net current liabilities / (assets)		(8,322)	13,101
Non-current liabilities			
Deferred tax liabilities	15	(2,793)	(542)
Contract liabilities	11	(1,498)	(917)
Other provisions	16	(119)	(156)
Lease liabilities	14	(237)	(559)
Total		(4,647)	(2,175)
Total liabilities		(20,913)	(4,063)
Net assets		88,122	106,161
Equity			
Share capital	17	1,685	1,685
Share premium account	18	85,000	123,000
Retained Earnings		1,437	(18,524)
Total shareholders' funds		88,122	106,161

The notes on pages 8 to 19 are an integral part of the financial statements. For the year ending 31 December 2022 the Company was entitled to exemption from audit under section 479A of the Companies Act 2006. No members have required the Company to obtain an audit of its accounts for the year in question in accordance with section 476 of the Companies Act 2006. The Directors acknowledge their responsibility for complying with the requirements of the Act with respect to accounting records and for the preparation of accounts. The Financial Statements were approved by the Board of Directors on 28 June 2024 and were signed on its behalf by:



Gianluca Landolina
Director

Registered number 04134381

Cellnex Connectivity Solutions Limited

Statement of Changes in Equity for the year ended 31 December 2023

	Share capital £'000	Share premium £'000	Reserves £'000	Total £'000
At 1 January 2022	1,685	123,000	(19,153)	105,532
Profit for the financial year	-	-	630	630
At 31 December 2022	1,685	123,000	(18,524)	106,161
Share premium movement	-	(38,000)		(38,000)
Profit for the financial year	-	-	19,960	19,960
At 31 December 2023	1,685	85,000	1,437	88,122

Cellnex Connectivity Solutions Limited

Notes to the Financial Statements for the year ended 31 December 2023

1. GENERAL INFORMATION

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Cellnex Connectivity Solutions Limited ("the Company") is a private company limited by shares incorporated in England, United Kingdom ("UK") under the Companies Act under registration number 04134381. The address of the registered office is R+, 4th Floor 2 Blagrove Street Reading, United Kingdom, RG1 1AZ.

The nature of the Company's operations and its principal activities are set out in the director's report on pages 2 to 4. The Company's functional currency is pound sterling.

2. SIGNIFICANT ACCOUNTING POLICIESz

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

BASIS OF PREPARATION

The financial statements of the Company have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' ('FRS 101'). The financial statements have been prepared on a going concern basis and under the historical cost convention, other than where set out in the accounting policies, and in accordance with the Companies Act 2006.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

The following disclosure exemptions, as permitted by paragraph 8 of FRS 101, have been taken in these Company financial statements and notes:

Cellnex Connectivity Solutions Limited

Notes to the Financial Statements – continued for the year ended 31 December 2023

<u>UK-adopted IFRS</u>	<u>Relevant disclosure exemptions</u>
IFRS 15 Revenue from Contracts with Customers	The requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129.
IAS 1 Presentation of financial statements	The requirements of paragraph 38; comparative information in respect of paragraph 79(a)(iv) of IAS 1 and paragraph 73(e) of IAS 16 Property, plant and equipment.
IAS 1 Presentation of financial statements	The requirements of paragraphs 10(d), 10(f), 16, 38A, 38B to D, 40A to D, 111 and 134 to 136.
IAS 8 Accounting policies, changes in accounting estimates and errors	The requirements of paragraphs 30 and 31.
IAS 7 Statement of Cash Flows	All disclosure requirements.
IAS 24 Related Party Disclosures	The requirements of paragraph 17 and 18A; the requirement to disclose related party transactions entered into between two or more members of a Group, provided that any subsidiary party to the transaction is wholly owned by such member.
IAS 36 Impairment of Assets	The requirements of paragraphs 130 (f)(ii), 130(f)(iii), 134(d) to 134 (f) and 135(c) to 135 (e).
IFRS 3 Business Combinations	The requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64(o)(ii), B64(p), B64(q)(ii), B66 and B67.
IFRS 7 Financial Instruments: Disclosures	All disclosure requirements.
IFRS 16 Leases	The requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 Leases. The requirements of paragraph 58 of IFRS 16, provided that the disclosure of details of indebtedness required by paragraph 61(1) of Schedule 1 to the Regulations is presented separately for lease liabilities and other liabilities, and in total.

Going concern

As at 31 December 2023, the Company had net assets of £88,122k (2021: £106,161k).

The company continues to generate positive EBITDA and cash flow, which has led the directors to be confident in the company's ability to sustain operational existence for the foreseeable future. In assessing this, we have considered the impact of the Russia-Ukraine crisis and Europe's energy crisis, which have caused inflation to rise. However, based on the nature of the company's business, we do not anticipate that these events will have a material adverse effect on our financial position or cash flows.

Therefore, the directors believe that the company will be able to maintain its portfolio and meet its obligations as they fall due in the foreseeable future. Accordingly, the financial statements have been prepared on a going concern basis.

Changes in accounting policy and disclosure

New and revised standards

Impact of the initial application of other new and amended IFRS Standards effective for the current year

In the current year, the Group has applied the below amendments to IFRS Standards and Interpretations issued by the Board that are effective for an annual period that begins on or after 1 January 2023. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Cellnex Connectivity Solutions Limited

Notes to the Financial Statements – continued for the year ended 31 December 2023

Standard	Explanation	Application Date
Amendments to IAS 1 - Disclosure of Accounting Policies (issued in February 2021)	Amendments that enable entities to appropriately identify the information on material accounting policies that should be disclosed in the financial statements.	1 January 2023
Amendments to IAS 8 - Definition of Accounting Estimates (issued in February 2021)	Amendments and clarifications of the definition of a change in accounting estimate.	1 January 2023
Amendments to IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction (issued in May 2021)	Clarifications on how entities should recognise deferred taxes arising in transactions such as leases and obligations in relation to the dismantling assets.	1 January 2023

New and revised IFRS Standards in issue but not yet effective

At the date of formal preparation of these financial statements, some standards, amendments and interpretations had been published by the International Accounting Standards Board (IASB) but had not come into force, either because their effective date is subsequent to the date of the consolidated financial statements or because they had not yet been adopted by the United Kingdom. These Standards not yet effective are disclosed in the Consolidated Financial Statements of Cellnex UK Limited.

The directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Group in future periods.

Revenue

Revenue comprises rental income and expenses recoverable from tenants, excluding value added tax. Rental income is recognised on an accruals basis over the life of the lease. A rent adjustment, based on estimated open market rent, is recognised from the rent review date in relation to unsettled rent reviews. The Company does not grant lease incentives. The Company recognises recoverable expenses when they are invoiced to tenants. All revenue arises solely in the UK.

Contract assets

Deferred income comprises income relating to future periods that has not yet been earned but has been invoiced in line with contractual arrangements. Deferred income is included within creditors on the Statement of Financial Position and is released to the Statement of Comprehensive Income on an accruals basis.

Cost of Sales

Cost of sales comprises ground rents payable, repair and maintenance expenses, and other expenses necessary for the working of the telecoms infrastructures.

Interest income/(expense)

Interest income/(expense) is recognised using the effective interest rate method. In calculating interest income/(expense), the effective interest rate is applied to the gross carrying amount of the asset, when the asset is not impaired or to the amortised cost of the liability for interest expense. For financial assets that have been impaired after initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer impaired the interest income calculation reverts to the gross carrying amount.

Cellnex Connectivity Solutions Limited

Notes to the Financial Statements – continued for the year ended 31 December 2023

Leases

All the information regarding the accounting policies related to the Right of Use assets and the Lease Liabilities policies followed by the company are detailed in the note 15 of this document (“Lease Liabilities”).

Borrowings

Borrowings are carried in the Statement of Financial Position at amortised cost, representing the cumulative amount of *net proceeds after issue, plus accrued finance costs*. The finance costs of such borrowings are allocated to the Statement of Comprehensive Income at a constant rate on the carrying amount.

Current tax

The current income tax charge is calculated on the generated taxable income on the basis of tax laws enacted or substantively enacted at the balance sheet date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the date of the Statement of Financial Position where transactions have occurred at that date that will result in an obligation to pay more (or a right to pay less) tax.

Deferred tax assets are recognised only to the extent that the Directors consider that it is more likely than not that there will be taxable profits from which the future reversal of the underlying timing difference can be deducted. Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which the timing differences reverse, based on tax rates and laws enacted at the Statement of Financial Position date.

Intangible fixed assets

Intangible fixed assets are stated at cost, net of amortisation and any provision for impairment. Amortisation is provided on all intangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Asset Description	Estimated Useful Life
Income rights	20 years
Software & Licenses	3-10 years

Residual value represents the estimated amount which would currently be obtained from disposal of an asset, after deducting estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life. Amortisation is charged through administrative expenses.

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, other than freehold and leasehold land, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Asset Description	Estimated Useful Life
Land and buildings	5 - 14 years
Plant and machinery	3 - 14 years

Residual value represents the estimated amount which would currently be obtained from disposal of an asset, after deducting estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life

Cellnex Connectivity Solutions Limited

Notes to the Financial Statements – continued for the year ended 31 December 2023

Trade and other debtors

Trade and other receivables item mainly corresponds to:

- Loans granted to associates, multi-group or related parties, which are measured at amortised cost using the *effective interest method*. This value is reduced by the corresponding valuation adjustment for the impairment of the asset, as applicable.
- Trade accounts receivable, which are measured at their nominal amount, which is similar to fair value at initial recognition. This value is reduced, if necessary, by the corresponding provision for bad debts (impairment loss) whenever there is objective evidence that the amount owed will not be partially or fully collected. This amount is charged against the consolidated income statement for the year.

The Company derecognises financial assets when they expire or the rights over the cash flows of the corresponding financial asset have been assigned and the risks and benefits inherent to their ownership have been substantially transferred, such as in the case of firm asset sales, non-recourse factoring of trade receivables in which the Company does not retain any credit or interest rate risk, sales of financial assets under an agreement to repurchase them at fair value and the securitisation of financial assets in which the transferor does not retain any subordinated debt, provide any kind of guarantee or assume any other kind of risk.

However, the Company does not derecognise financial assets, and it recognises a financial liability for an amount equal to the consideration received in transfers of financial assets in which substantially all the risks and rewards of ownership are retained, such as in the case of note and bill discounting, with-recourse factoring, sales of financial assets subject to an agreement to buy them back at a fixed price or at the selling price plus a lender's return and the securitisation of financial assets in which the transferring group retains a subordinated interest or any other kind of guarantee that absorbs substantially all the expected losses.

The Company applies IFRS 9 for all the financial assets (current and non-current) recognised on these financial statement.

Financial instruments

Gains and losses from financial instruments are recognised in the Statement of Comprehensive Income in accordance with FRS 101.

3. Critical ACCOUNTING estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. 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 addressed below:

Useful economic lives of property, plant and equipment

The annual depreciation charge for property, plant and equipment is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed *annually*. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets.

Impairment of intangible assets

In determining value in use, the Directors calculate the present value of the estimated future cash flows expected to arise based on management's latest long-term plans, with extrapolation thereafter. No impairment provision has been recognised as a consequence of this review as at 31 December 2023.

Cellnex Connectivity Solutions Limited

Notes to the Financial Statements – continued for the year ended 31 December 2023

Critical judgements in applying the Company's accounting policies

There are no critical judgements, apart from those involving estimations (which are dealt with separately below).

4. REVENUE

	31 December 2023 £'000	31 December 2022 £'000
Rendering of Services	11,881	9,497
Installation Services projects	117	46
Pass Through Revenue	350	(537)
Total	12,348	9,006

All revenue relates to sales generated in UK.

5. OPERATING PROFIT

	31 December 2023 £'000	31 December 2022 £'000
Operating lease charges	16	-
Depreciation of property, plant and equipment	470	358
Depreciation of leased property, plant and equipment	139	244
Amortisation of intangible assets	9,091	9,100
Management recharge from fellow Group company	495	648
Total	10,210	10,350

The immediate controlling party of Cellnex Connectivity Solutions Limited that has developed consolidated financial statements in 2023 is Cellnex UK Limited. The 2023 audit expense fee for Cellnex Connectivity Solutions Limited is nil (2022: nil).

There were no employees during the year (2022: nil). The Directors in office during 2023 (and 2022) did not receive any emoluments in respect of their services to the Company.

6. FINANCE COSTS AND INCOME

Finance Income	31 December 2023 £'000	31 December 2022 £'000
Group's financial income	913	239
Positive exchange differences	-	7
Other financial income	23,000	-
Total	23,913	246

Cellnex Connectivity Solutions Limited

Notes to the Financial Statements – continued for the year ended 31 December 2023

Finance Costs	31 December 2023 £'000	31 December 2022 £'000
Other financial expenses	1,738	22
Interests related to lease expenses	35	83
Total	1,773	105

7. TAX

Tax expense included in profit and loss

UK Corporation tax is calculated at the weighted average rate of 23.5% (31 December 2022: 19%) of the estimated taxable profit for the year.

	31 December 2023 £'000	31 December 2022 £'000
Deferred tax:		
Origination and reversal of timing differences	809	169
Impact of change in tax rate	51	53
Prior year adjustment	1,391	136
Total	2,251	359
Tax charge / (credit) for the year	2,251	359

The tax charge on the profit on ordinary activities for the year is £2,251k (2022: tax charge of £359k).

	31 December 2023 £'000	31 December 2022 £'000
Profit / (Loss) before tax	22,211	989
Tax at the UK Corporation tax rate of 23.5% (2022: 19%)	5,224	188
Tax effect of expenses not deductible for tax purposes	2,079	1,711
Tax effect of Income not taxable	(5,413)	(1,195)
Change in unrecognised deferred tax asset	(1,081)	-
Prior year adjustment	1,391	136
Movement in Deferred Tax due to transfer of trade	-	(93)
Group relief received for nil consideration	-	(399)
Impact of change in tax rate	51	53
Losses brought forward not previously recognised	-	(43)
Total tax charge / (credit) for the year	2,251	359

In the Spring Budget 2021, the UK Government announced that from 1 April 2023 the corporation tax rate would increase to 25% (rather than remaining at 19%, as previously enacted). A weighted average rate of 23.5% tax rate (2022: 19%) has therefore been used for the reconciliation of total tax. UK deferred tax has been valued at 25% (2022: 25%) as this is the substantively enacted rate at the balance sheet date at which the deferred tax balances are forecast to unwind. Due to the impact to the group from changing tax legislation, the decision was made with effect from 1 July 2017 to pay for group relief.

Cellnex Connectivity Solutions Limited

Notes to the Financial Statements – continued for the year ended 31 December 2023

8. INTANGIBLE ASSETS

	Income Rights £'000	Software & Licenses £'000	Total £'000
Cost			
At 1 January 2022	104,573	1,865	106,438
Additions	-	-	-
Disposals	(220)	-	(220)
At 31 December 2022	104,353	1,865	106,218
At 31 December 2023	104,353	1,865	106,218
Amortisation			
At 1 January 2022	22,855	109	22,964
Charge for the year	8,727	373	9,100
Additions	(65)	-	(65)
At 31 December 2022	31,517	482	31,999
Charge for the year	8,717	373	9,090
At 31 December 2023	40,234	855	41,089
Carrying amount			
At 31 December 2023	64,119	1,010	65,129
At 31 December 2022	72,836	1,383	74,219

9. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings £'000	Plant and machinery £'000	Assets Under Construction (AUC) £'000	IFRS-16 ROU assets £'000	Total £'000
Cost					
At 1 January 2023	4,163	2,588	14,669	1,251	22,671
Additions	3	-	17,283	11	17,298
Reclassifications	819	376	(1,195)	-	-
Disposals	(869)	(132)	(473)	(396)	(1,870)
At 31 December 2023	4,117	2,832	30,284	866	38,098
Accumulated depreciation					
At 1 January 2023	559	629	-	467	1,655
Depreciation	120	349	-	139	609
Disposals	-	-	-	(127)	(127)
At 31 December 2023	680	978	-	478	2,136
Carrying amount					
At 31 December 2023	3,437	1,854	30,284	387	35,962
At 1 January 2023	3,604	1,959	14,669	784	21,016

Cellnex Connectivity Solutions Limited

Notes to the Financial Statements – continued for the year ended 31 December 2023

10. TRADE AND OTHER RECEIVABLES

	31 December 2023	31 December 2022
	£'000	£'000
Current assets		
VAT Receivables	1,461	3,518
Trade receivables	2,229	4,484
Prepayments	48	75
Trade receivables with Group companies	1,136	7,181
Total current receivables	4,874	15,258

Amounts receivable from other group companies are unsecured and repayable on demand.

The company participates in a group cash pooling mechanism whereby surplus cash is made available to parent and subsidiaries according to funding requirements. Borrowings and interests owed by parent and subsidiary and borrowings and interests owed to subsidiaries were reclassified in 2023 to commercial debt (trade and other receivables or trade and other payables).

11. CONTRACT ASSETS AND LIABILITIES

	31 December 2023	31 December 2022
	£'000	£'000
Non-Current liabilities		
Contract liabilities	(1,498)	(917)
Current liabilities		
Contract liabilities	(3,396)	(3,229)
Total	(4,893)	(4,146)
Current Assets		
Contract assets	3,057	(328)
Total	3,057	(328)

Other than business-as-usual movements there were no significant changes in contract asset and liability balances during the year.

12. BORROWINGS AND CREDIT FACILITIES

	31 December 2023	31 December 2022
	£'000	£'000
Current Assets		
Borrowings and credit facilities with group companies	13	57
Total	13	57

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Notes to the Financial Statements – continued for the year ended 31 December 2023

13. TRADE AND OTHER PAYABLES

	31 December 2023 £'000	31 December 2022 £'000
Current liabilities		
VAT Payables	-	4,443
Liabilities with employees	-	(14)
Corporation tax payables	-	-
Trade payables	5,880	1,158
Trade payables with group companies	6,783	(7,189)
Total current payables	12,663	(1,602)

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The Company has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

Amounts payable from other group companies are unsecured. The directors consider that the carrying amount of trade payables approximates to their fair value.

14. LEASE LIABILITIES

The lease liabilities were measured at the present value of the remaining lease payments, discounted using the Group's implicit rate identified in relation to the leases at the date the lease commenced.

	31 December 2023 £'000	31 December 2022 £'000
Current liabilities		
IFRS16 Short Term Lease Liability	207	261
Non-current liabilities		
IFRS16 LT Lease Liability	237	559
Total	444	821

The income statement shows the following amounts relating to leases:

	31 December 2023 £'000	31 December 2022 £'000
Depreciation of leased property, plant and equipment	139	244
Interests related to lease liabilities	35	83
Total	174	328

The Company does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Company's treasury function.

PRACTICAL EXPEDIENTS TAKEN

The Company uses the following practical expedients permitted by the standard:

- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application;
- reliance on previous assessments of whether leases are onerous;
- the exclusion of low value assets, excluding IT equipment, from recognition as a right-of-use asset or liability;
- the accounting for operating leases with a remaining lease term of less than 12 months as short-term leases.

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There has been no expense recorded in the scope of the practical expedients above.

15. DEFERRED TAX

Non-current liabilities	31 December 2023 £'000	31 December 2022 £'000
Deferred tax liabilities	(2,793)	(542)
Total	(2,793)	(542)

UK deferred tax has been valued at 25% (2022: 25%) as this is the substantively enacted rate at the balance sheet date at which the deferred tax balances are forecast to unwind.

The recognised deferred tax asset is not considered to be materially exposed to the performance of the Group based on reasonably possible trading forecasts.

16. PROVISIONS

Provisions	Other provisions £'000	Total £'000
At 31 December 2022	156	156
Additions	-	-
Releases	(37)	(37)
At 31 December 2023	119	119

17. SHARE CAPITAL

	Share Capital £'000
Allotted and authorised fully paid:	
At 31 December 2023	1,685
Share capital movements	-
At 31 December 2023 – 1,685,027 ordinary shares (2022: 1,685,027) of £1 each	1,685

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Notes to the Financial Statements – continued for the year ended 31 December 2023

18. SHARE PREMIUM

	Share Premium
	£'000
Allotted and authorised fully paid:	
At 31 December 2023	123,000
Share premium movements	<u>(38,000)</u>
At 31 December 2023	<u>85,000</u>

19. RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemption of FRS 101 for wholly owned subsidiary undertakings not to disclose transactions with other entities within the same group. Related parties are disclosed in the consolidated financial statements for Cellnex Telecom S.A., which can be accessed on the following link: <https://www.cellnextelecom.com/en/investor-relations/annual-report/>

20. POST BALANCE SHEET EVENTS

There is no post balance sheet event after the year end date to the reporting date.

21. ULTIMATE PARENT AND CONTROLLING PARTIES

The Company's immediate parent undertaking is Cellnex UK Midco Limited. The registered office address of the company is R+, 4th Floor 2 Blagrove Street Reading, United Kingdom, RG1 1AZ.

The Company's ultimate parent is Cellnex Telecom S.A., whose registered address is Calle Juan Esplandiú, 11-13, 28007 Madrid, Spain Spain which is the largest group consolidating the results of the Company – the smallest being the Cellnex UK Group. The consolidated financial statements of Cellnex Telecom can be accessed on the following link: <https://www.cellnextelecom.com/en/investor-relations/annual-report/>