

Registered number: 03723978

CIELO TALENT MANAGEMENT LIMITED

UNAUDITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

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CIELO TALENT MANAGEMENT LIMITED

COMPANY INFORMATION

Directors	M A Geist M A Thiel
Registered number	03723978
Registered office	30a Great Sutton Street London EC1V 0DU
Accountants	MHA Chartered Accountants Building 4 Foundation Park Roxborough Way Maidenhead SL6 3UD

CIELO TALENT MANAGEMENT LIMITED

CONTENTS

	Page
Strategic Report	1 - 2
Directors' Report	3 - 4
Accountants' Report	5
Statement of Income and Retained Earnings	6
Balance Sheet	7 - 8
Statement of Changes in Equity	9
Notes to the Financial Statements	10 - 25

CIELO TALENT MANAGEMENT LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2023

The directors present their Strategic Report for the year ended 31 December 2023.

Review of business

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

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

The company made a profit before tax for the year of £4,196,000 (2022: £3,231,000).

Management of the group of companies headed by Cielo, Inc. (the "Group"), a company incorporated in the USA (which includes the UK Group) continue to monitor global markets and take appropriate actions. The Group saw *some contraction in Turnover during 2023 as clients right-sized their need for RPO and recruiting services post-COVID*. The Group swiftly responded to ensure that costs were appropriate and saw profitability increase from 2022. Despite the high inflation, energy crisis and increased cost of living, the Group has continued plans for future growth and expansion, specifically in the APAC region. Management will continue to take the appropriate actions and ensure that proper plans are in place to position the Group for the future, regardless of which direction markets may take.

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

The results of the UK Group during the year ended 31 December 2023 show a profit on ordinary activities before tax of \$3,295,000 (2022: \$3,025,000).

Business environment

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

Strategy and future developments

In 2024, we plan to develop further our global capability to meet clients' strategic resourcing needs through our network of global locations and our partnerships to serve Europe, the Americas and Pacific.

Financial key performance indicators

	2023	2022
	£000	£000
Turnover	64,213	71,687
Gross profit	18,409	26,765
Profit on ordinary activities before taxation	4,196	3,231

CIELO TALENT MANAGEMENT LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2023**

Principal risks and uncertainties

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

Credit risk

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

Liquidity risk

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

Interest rate risk

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

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

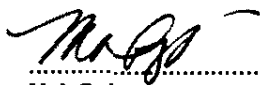
As Directors, we always consider, both individually and together, acting in a way that, in good faith, would be most likely to promote the success of the Company for the benefit of its employees as a whole, having regard to the stakeholders and matters set out in s172(1) (a) (f) of the Act, in the decisions taken during the period ended 31 December 2023.

Our objective is to have a long term beneficial impact on the Company and to contribute to its success in delivering a high quality of service to our customers.

Our employees are fundamental to the delivery of our plan. We aim to be a responsible employer in our approach to the pay and benefits our employees receive. The health, safety and well being of our team members is one of our primary considerations in the way we conduct our business. Engagement with suppliers and customers is also key to our success.

As the Directors, our intention is to behave in a responsible manner, operating within the high standards of business conduct and good governance expected for a business such as ours and in doing so, will contribute to the delivery of our plan. The intention is to nurture our reputation, through both creation and delivery of our business plan, that reflects our values, beliefs and culture.

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


.....
M A Geist
Director

Date: 26 September 2024

CIELO TALENT MANAGEMENT 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.

Directors' responsibilities statement

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

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

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

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

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

Results and dividends

The profit for the year, after taxation, amounted to £3,501,000 (2022: £2,861,000). The financial key performance indicators can be found in the Strategic Report on page 1 and no dividends are expected to be distributed for the year ended 31 December 2023.

Directors

The directors who served during the year were:

M A Geist
M A Thiel

Future developments

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

Engagement with employees

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

CIELO TALENT LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2023**

Post balance sheet events and future developments

There are no significant events affecting the company since the year end, and the company is expected to continue as an intermediate holding company for the foreseeable future.

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

Molly Thiel

.....
M A Thiel
Director

Date: 26 September 2024

CIELO TALENT MANAGEMENT LIMITED

CHARTERED ACCOUNTANTS' REPORT TO THE BOARD OF DIRECTORS ON THE PREPARATION OF THE UNAUDITED STATUTORY FINANCIAL STATEMENTS OF CIELO TALENT MANAGEMENT LIMITED FOR THE YEAR ENDED 31 DECEMBER 2023

In order to assist you to fulfil your duties under the Companies Act 2006, we have prepared for your approval the financial statements of Cielo Talent Management Limited for the year ended 31 December 2023 which comprise the Statement of Income and Retained Earnings, the Balance Sheet, the Statement of Changes in Equity and the related notes from the Company's accounting records and from information and explanations you have given us.

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

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

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

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

MHA

MHA
Chartered Accountants
Building 4
Foundation Park
Roxborough Way
Maidenhead
SL6 3UD
Date: 30 September 2024

CIELO TALENT MANAGEMENT LIMITED

**STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED 31 DECEMBER 2023**

	Note	2023 £000	2022 £000
Turnover	3	64,213	71,687
Cost of sales		(45,804)	(44,922)
Gross profit		18,409	26,765
Administrative expenses		(19,036)	(23,089)
Exceptional administrative expenses		(2,258)	(2,461)
Other operating income	4	5,679	2,018
Operating profit	5	2,794	3,233
Income from fixed assets investments		1,404	-
Interest payable and similar expenses	9	(2)	(2)
Profit before tax		4,196	3,231
Tax on profit	10	(695)	(370)
Profit after tax		3,501	2,861
Retained earnings at the beginning of the year		15,506	12,645
Profit for the year		3,501	2,861
Dividends declared and paid		(3,928)	-
Retained earnings at the end of the year		15,079	15,506

There were no recognised gains and losses for 2023 or 2022 other than those included in the statement of income and retained earnings.

The notes on pages 10 to 25 form part of these financial statements.

CIELO TALENT MANAGEMENT LIMITED
REGISTERED NUMBER: 03723978

BALANCE SHEET
AS AT 31 DECEMBER 2023

	Note	2023 £000	2022 £000
Fixed assets			
Intangible assets	13	54	97
Tangible assets	14	308	283
Investments	15	18,800	18,800
		<u>19,162</u>	<u>19,180</u>
Current assets			
Debtors: amounts falling due within one year	16	11,951	13,119
Cash at bank and in hand	17	2,549	2,247
		<u>14,500</u>	<u>15,366</u>
Creditors: amounts falling due within one year	18	(15,614)	(16,198)
Net current liabilities		<u>(1,114)</u>	<u>(832)</u>
Total assets less current liabilities		<u>18,048</u>	<u>18,348</u>
Provisions for liabilities			
Deferred tax	19	(13)	(13)
		<u>(13)</u>	<u>(13)</u>
Net assets		<u>18,035</u>	<u>18,335</u>
Capital and reserves			
Called up share capital	20	328	328
Foreign exchange reserve	21	128	1
Capital contribution reserve	21	2,500	2,500
Profit and loss account	21	15,079	15,506
		<u>18,035</u>	<u>18,335</u>

CIELO TALENT MANAGEMENT LIMITED
REGISTERED NUMBER: 03723978


BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2023

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

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

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

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


.....
M A Geist
Director

Date: 26 September 2024

The notes on pages 10 to 25 form part of these financial statements.

CIELO TALENT MANAGEMENT LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023**

	Called up share capital £000	Foreign exchange reserve £000	Capital contribution reserve £000	Profit and loss account £000	Total equity £000
At 1 January 2022	328	-	-	12,645	12,973
Profit for the year	-	-	-	2,861	2,861
Currency translation differences	-	1	-	-	1
Capital contribution	-	-	2,500	-	2,500
At 1 January 2023	328	1	2,500	15,506	18,335
Profit for the year	-	-	-	3,501	3,501
Currency translation differences	-	127	-	-	127
Dividends: Equity capital	-	-	-	(3,928)	(3,928)
At 31 December 2023	328	128	2,500	15,079	18,035

The notes on pages 10 to 25 form part of these financial statements.

CIELO TALENT MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

1. General information

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

The financial statements are presented in pound sterling (£), the functional currency of the Company, and rounded to the nearest £1,000.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

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

i) *Assessing indicators of impairment*

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

ii) *Revenue recognition*

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

iii) *Recoverability of receivables*

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

CIELO TALENT MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

2. Accounting policies (continued)

2.2 Financial Reporting Standard 102 - reduced disclosure exemptions

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

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Talent Bidco Limited as at 31 December 2023 and these financial statements may be obtained from 30a Great Sutton St., London, United Kingdom, EC1V 0DU.

2.3 Going concern

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

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

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

2.4 Exemption from preparing consolidated financial statements

The Company is a parent company that is also a subsidiary included in the consolidated financial statements of a larger group by a parent undertaking established under the law of a state other than the United Kingdom and is therefore exempt from the requirement to prepare consolidated financial statements under section 401 of the Companies Act 2006.

2.5 Turnover

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

2. Accounting policies (continued)

2.6 Intangible assets

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

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

2.7 Tangible fixed assets

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

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

The estimated useful lives range as follows:

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

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.8 Investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.9 Debtors

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

2.10 Cash and cash equivalents

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

2.11 Financial instruments

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

The Company has elected to apply the recognition and measurement provisions of IFRS 9 Financial Instruments (as adopted by the UK Endorsement Board) with the disclosure requirements of Sections

CIELO TALENT MANAGEMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

2. Accounting policies (continued)**2.11 Financial instruments (continued)**

11 and 12 and the other presentation requirements of FRS 102.

Financial instruments are recognised in the Company's Balance Sheet when the Company becomes party to the contractual provisions of the instrument.

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

Basic financial assets

Basic financial assets, which include trade and other receivables, cash and bank balances, are initially measured at their transaction price including transaction costs and are subsequently carried at their amortised cost using the effective interest method, less any provision for impairment, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents, trade and most other receivables due with the operating cycle fall into this category of financial instruments.

Other financial assets

Other financial assets, which includes investments in equity instruments which are not classified as subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the recognised transaction price. Such assets are subsequently measured at fair value with the changes in fair value being recognised in the profit or loss. Where other financial assets are not publicly traded, hence their fair value cannot be measured reliably, they are measured at cost less impairment.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each reporting date.

Financial assets are impaired when events, subsequent to their initial recognition, indicate the estimated future cash flows derived from the financial asset(s) have been adversely impacted. The impairment loss will be the difference between the current carrying amount and the present value of the future cash flows at the asset(s) original effective interest rate.

If there is a favourable change in relation to the events surrounding the impairment loss then the impairment can be reviewed for possible reversal. The reversal will not cause the current carrying amount to exceed the original carrying amount had the impairment not been recognised. The impairment reversal is recognised in the profit or loss.

Financial liabilities

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

Basic financial liabilities, which include trade and other payables, bank loans and other loans are

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

2. Accounting policies (continued)

2.11 Financial instruments (continued)

initially measured at their transaction price after transaction costs. When this constitutes a financing transaction, whereby the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Discounting is omitted where the effect of discounting is immaterial.

Debt instruments are subsequently carried at their amortised cost using the effective interest rate method.

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if the payment is due within one year. If not, they represent non-current liabilities. Trade payables are initially recognised at their transaction price and subsequently are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

Other financial instruments

Derivatives, including forward exchange contracts, futures contracts and interest rate swaps, are not classified as basic financial instruments. These are initially recognised at fair value on the date the derivative contract is entered into, with costs being charged to the profit or loss. They are subsequently measured at fair value with changes in the profit or loss.

Debt instruments that do not meet the conditions as set out in FRS 102 paragraph 11.9 are subsequently measured at fair value through the profit or loss. This recognition and measurement would also apply to financial instruments where the performance is evaluated on a fair value basis as with a documented risk management or investment strategy.

Derecognition of financial instruments

Derecognition of financial assets

Financial assets are derecognised when their contractual right to future cash flow expire, or are settled, or when the Company transfers the asset and substantially all the risks and rewards of ownership to another party. If significant risks and rewards of ownership are retained after the transfer to another party, then the Company will continue to recognise the value of the portion of the risks and rewards retained.

Derecognition of financial liabilities

Financial liabilities are derecognised when the Company's contractual obligations expire or are discharged or cancelled.

2.12 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.

CIELO TALENT MANAGEMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

2. Accounting policies (continued)**2.13 Capital contribution**

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

2.14 Foreign currency translation

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

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

2.15 Dividends

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

2.16 Operating and finance leases

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

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

2.17 Pensions

The Company operates a defined contribution pension scheme. Contributions payable to the Company's pension scheme are charged to the Statement of Income and Retained Earnings in the period to which they relate.

2.18 Provisions for liabilities

Provisions are recognised when an event has taken place that gives rise to a legal or constructive obligation, a transfer of economic benefits is probable and a reliable estimate can be made.

Provisions are measured as the best estimate of the amount required to settle the obligation, taking into account the related risks and uncertainties.

Increases in provisions are generally charged as an expense to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

2. Accounting policies (continued)

2.19 Current and deferred taxation

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

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

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

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

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

2.20 Exceptional items

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

2.21 Research and development

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

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

CIELO TALENT MANAGEMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

3. Turnover

Analysis of turnover by country of destination:

	2023	2022
	£000	£000
United Kingdom	56,255	60,629
Rest of Europe	5,359	7,002
Rest of the world	2,599	4,056
	64,213	71,687

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

4. Other operating income

	2023	2022
	£000	£000
Other operating income	5,679	2,018

5. Operating profit

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

	2023	2022
	£000	£000
Exchange differences	148	(198)
Other operating lease rentals	641	618

CIELO TALENT MANAGEMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

6. Employees

Staff costs were as follows:

	2023	2022
	£000	£000
Wages and salaries	11,324	16,023
Social security costs	2,338	3,043
Cost of defined contribution scheme	281	333
	<u>13,943</u>	<u>19,399</u>

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

	2023	2022
	No.	No.
Sales and administration	<u>223</u>	<u>318</u>

7. Directors' remuneration

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

8. Income from investments

	2023	2022
	£000	£000
Dividends received from subsidiaries	<u>1,404</u>	<u>-</u>

9. Interest payable and similar expenses

	2023	2022
	£000	£000
Bank interest payable	<u>2</u>	<u>2</u>

CIELO TALENT MANAGEMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

10. Taxation

	2023 £000	2022 £000
Corporation tax		
Current tax on profits for the year	695	416
Foreign tax		
Foreign tax on income for the year	-	(16)
Total current tax	<u>695</u>	<u>400</u>
Deferred tax		
Origination and reversal of timing differences	-	(8)
Deferred tax in prior year	-	(22)
Total deferred tax	<u>-</u>	<u>(30)</u>
Taxation on profit on ordinary activities	<u><u>695</u></u>	<u><u>370</u></u>

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2022 - lower than) the standard rate of corporation tax in the UK of 23.52% (2022 - 19%). The differences are explained below:

	2023 £000	2022 £000
Profit on ordinary activities before tax	<u>4,196</u>	<u>3,230</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 23.52% (2022 - 19%)	987	614
Effects of:		
Expenses not deductible for tax purposes	13	37
Utilisation of tax losses	-	(137)
Higher rate taxes on overseas earnings	-	3
Adjustments to tax charge in respect of prior periods	-	(22)
Non-taxable income	(305)	-
Double taxation relief	-	(16)
Group relief	-	(109)
Total tax charge for the year	<u><u>695</u></u>	<u><u>370</u></u>

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

CIELO TALENT MANAGEMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

11. Dividends

	2023	2022
	£000	£000
Dividends paid on equity shares	3,928	-

12. Exceptional items

	2023	2022
	£000	£000
Restructuring costs	2,258	2,461

Restructuring costs of £2,258 were incurred during the year, following a review of the cost base by management. This included severance costs of £1,038.

13. Intangible assets

	Development costs
	£000
Cost	
At 1 January 2023	172
At 31 December 2023	172
Amortisation	
At 1 January 2023	75
Charge for the year on owned assets	43
At 31 December 2023	118
Net book value	
At 31 December 2023	54
At 31 December 2022	97

CIELO TALENT MANAGEMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

14. Tangible fixed assets

	Long-term leasehold property £000	Fixtures, fittings and equipment £000	Total £000
Cost or valuation			
At 1 January 2023	608	2,599	3,207
Additions	89	25	114
Disposals	(300)	(1,422)	(1,722)
At 31 December 2023	<u>397</u>	<u>1,202</u>	<u>1,599</u>
Depreciation			
At 1 January 2023	417	2,507	2,924
Charge for the year on owned assets	48	41	89
Disposals	(300)	(1,422)	(1,722)
At 31 December 2023	<u>165</u>	<u>1,126</u>	<u>1,291</u>
Net book value			
At 31 December 2023	<u>232</u>	<u>76</u>	<u>308</u>
At 31 December 2022	<u>191</u>	<u>92</u>	<u>283</u>

CIELO TALENT MANAGEMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

15. Fixed asset investments

	Investments in subsidiary companies £000
Cost or valuation	
At 1 January 2023	18,800
At 31 December 2023	18,800

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

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

During the year, the company made no capital contributions to subsidiaries (2022 - £1,236,000).

CIELO TALENT MANAGEMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

16. Debtors

	2023 £000	2022 £000
Trade debtors	9,981	10,836
Other debtors	1,553	1,721
Prepayments and accrued income	8	176
Invoice discounting	258	235
Tax recoverable	151	151
	<u>11,951</u>	<u>13,119</u>

17. Cash and cash equivalents

	2023 £000	2022 £000
Cash at bank and in hand	<u>2,549</u>	<u>2,247</u>

18. Creditors: Amounts falling due within one year

	2023 £000	2022 £000
Trade creditors	732	1,219
Amounts owed to group undertakings	7,880	7,067
Other taxation and social security	601	1,232
Other creditors	4,757	3,467
Accruals and deferred income	1,644	3,213
	<u>15,614</u>	<u>16,198</u>

Amounts owed to group companies are unsecured.

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

CIELO TALENT MANAGEMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

19. Deferred taxation

	2023	2022
	£000	£000
At beginning of year	(13)	(43)
Charged to profit or loss	-	30
At end of year	(13)	(13)

The provision for deferred taxation is made up as follows:

	2023	2022
	£000	£000
Accelerated capital allowances	(13)	(13)

20. Share capital

	2023	2022
	£000	£000
Allotted, called up and fully paid		
328,314 (2022 - 328,314) Ordinary shares of £1.00 each	328	328

21. Reserves**Capital contributions reserve**

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

Profit and loss account

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

22. Pension commitments

The Company made contributions to a number of defined contributions schemes, the assets of these schemes being held separately from the assets of the Company. The pension cost charge contributions payable to the schemes for the year ended 31 December 2023 amounted to £281 (2022 - £333). At 31 December 2023 there was a pension liability outstanding of £52 (2022 - £67).

CIELO TALENT MANAGEMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

23. 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
	£000	£000
Not later than 1 year	478	167
Later than 1 year and not later than 5 years	2,427	1,348
	2,905	1,515

24. Ultimate parent company and controlling parties

The immediate parent undertaking is Cielo Talent Limited, registered at 30a Great Sutton St., London, United Kingdom, EC1V 0DU.

Talent Bidco Limited is the parent of the smallest group for which consolidated financial statements are available. The registered office of the company is at 30a Great Sutton St., London, United Kingdom, EC1V 0DU. The consolidated financial statements are available from this address, or from Companies House.

The ultimate parent company is Sky HoldCo Corp, a corporation registered in USA. There is no individual ultimate controlling party.

25. Related party transactions

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