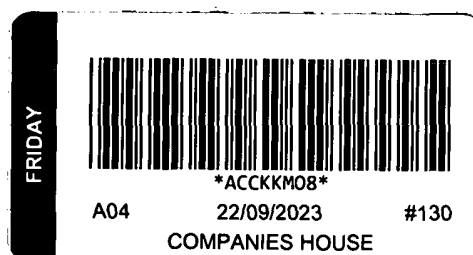


Registered number: 04772229

Cyclife UK Limited

Annual report

31 December 2022



Cyclife UK Limited

Company information

Directors	K Dodd R Glaving (appointed 15 March 2022) J Robinson E M Desroches F Menissier ESO Chardon (appointed 21 June 2023) S Beguine (appointed 30 June 2023)
Company secretary	K Dodd
Registered number	04772229
Registered office	Unit 1 Joseph Noble Road Lillyhall Workington Cumbria CA14 4JX
Independent auditor	UNW LLP Chartered Accountants Citygate St James' Boulevard Newcastle Upon Tyne NE1 4JE
Bankers	Svenska Handelsbanken AB Earl Grey House 75/85 Grey Street Newcastle Upon Tyne NE1 6EF
Solicitors	Muckle LLP Time Central 32 Gallowgate Newcastle Upon Tyne NE1 4BF

Cyclife UK Limited

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Cyclife UK Limited

Strategic report Year ended 31 December 2022

The directors present their strategic report on the company for the year ended 31 December 2022.

The principal activities of the company during the year were the provision of decommissioning and waste management services to the nuclear and other highly regulated industries.

Business review and results

During 2022 the company continued to grow its operations to meet market demands, increasing its workforce and developing new service offerings. This approach ensured the company delivered an integrated service to its customers in both decommissioning and waste and ensures future sustainable growth can be maintained. The outlook for 2023 and beyond is good, with a substantial secured order book.

During 2022 the company reassessed the site decommissioning cost provision of £3,000,000 it made in 2010 and considered, in the light of recent inflationary pressures, to increase this provision to £3,276,616. The directors have therefore included this adjustment in the 2022 accounts.

Results and dividends

The company's loss for the financial year was £524,086 (2021: £1,438,379). The net assets of the company as of 31 December 2022 were £3,497,606 (2021: £4,021,692).

Key performance indicators

The company's financial key performance indicators (KPI's) include turnover, profitability and net assets, which are discussed above. Beyond this, the company is part of EDF Group which manages its operations on a group basis. The performance of the group, which includes Cyclife UK Limited, is discussed in the group's annual report which does not form part of the report.

Future developments

Growth across all nuclear sectors remains a key target and the expansion of company headcount is expected to continue in the coming years. Engineering capabilities continue to be enhanced along with the development of integrated solutions to enable delivery of increasingly complex projects. Collaboration with sister Cyclife Group companies is also key to future developments and many initiatives are underway to facilitate this co-operation. Various technological solutions are also under consideration as we continue to expand our waste treatment facilities and capabilities.

Cyclife UK Limited

Strategic report (continued) Year ended 31 December 2022

Principal risks and uncertainties

Cyclife UK Limited operates in the nuclear sector and as such faces and manages several key business risks as discussed below. The directors' place managing these risks at the forefront of their responsibilities based on a long-established company safety culture and on a tradition of clear routines for quality assurance and regulatory conformance.

Regulatory obligations

As far as the management and Board of Directors can judge, Cyclife UK Limited fulfils the requirements imposed upon it by such obligations. The company is subject to regular regulatory inspections and openly participates in such activities to ensure that the best available techniques are utilised and risks are reduced to as low as practicably possible.

Market

Demand for the company's services in the long term is principally dependent upon the nuclear industry and the factors influencing that industry, in particular the progress of nuclear decommissioning. This is underpinned by Government-funded programmes managed by organisations such as the Nuclear Decommissioning Authority and the Ministry of Defence, as well as an increasing demand from private sector organisations in coming years.

Operation of company facilities

Cyclife UK Limited owns and operates a metal treatment facility (the MRF) which processes low level waste. Unplanned operational disruption to this facility may have an adverse effect on income and give rise to additional costs. The company operates a range of quality and asset monitoring systems, as well as staff competence development processes, intended to minimise the risk of unplanned disruptions.

Customer projects

Cyclife UK Limited undertakes a range of complex projects at customer sites which can be subject to delay or change. The company utilises suitably qualified and experienced personnel working within the customer's management systems and to Cyclife's own requirements to ensure risks are managed and are as low as practicably possible.

Dependence on employees

The company has a highly skilled and specialised workforce and as such provides a range of benefits and training designed to encourage and retain staff. Retention of staff is a key issue and objective for the company in a competitive and limited general resource pool.

Insurance

The company has relevant and required insurance policies in place covering public liability, nuclear liability, property, and product liability. The possibility exists that internationally regulated insurance amounts will be increased and that as a result the cost of insurance will rise.

Post balance sheet events

There have been no significant events affecting the company since the year end.

This report was approved by the board on 6 September 2023 and signed on its behalf by:



J Robinson
Director

Cyclife UK Limited

Directors' report Year ended 31 December 2022

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

Results and dividends

The loss for the year, after taxation, amounted to £524,086 (2021: loss of £1,438,379).

The directors do not recommend a final dividend in respect of the year.

Directors

The directors who served during the year were:

K Dodd
R Glaving (appointed 15 March 2022)
J Robinson
E M Desroches
F Menissier

Matters covered in the strategic report

Post balance sheet events and future developments, which would otherwise be disclosed in the directors' report, are instead disclosed in the strategic report as permitted by s414C(11) of the Companies Act 2006.

Research and development

Since acquisition by the EDF Group, the company operates as part of the Cyclife business platform comprising a network of three waste treatment facilities in France (Cyclife France), Sweden (Cyclife Sweden) and the MRF. This is further supported by EDF Group's wider capabilities in decommissioning and waste management.

The business will continue to focus on efficient operations and gaining market share in its waste treatment business, but able to support customers in a wider range of decommissioning and waste management activities.

Financial risk management

The company's operations expose it to a variety of financial risks that include the effects of changes in credit risk, liquidity risk and interest rate risk. The company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the company by monitoring levels of debt finance and the related finance costs.

The company does not use derivative financial instruments to manage interest rate costs or foreign exchange rate risks and, as such, no hedge accounting is applied.

Price risk

The company is exposed to commodity price risk as a result of its operations. However, given the size of the company's operations, the costs of managing exposure to commodity price risk exceed any potential benefits. The directors will revisit the appropriateness of this policy should the company's operations change in size or nature. The company has no exposure to equity securities price risk as it holds no listed or other equity investments.

Cyclife UK Limited

Directors' report (continued) Year ended 31 December 2022

Credit risk

The company has implemented policies that require appropriate credit checks on potential customers before sales are made. The amount of exposure to any individual counterparty is subject to a limit, which is reassessed annually by the board of directors.

Liquidity risk

The EDF Group actively maintains a mixture of long-term and short-term debt finance on behalf of the company that is designed to ensure the company has sufficient available funds for operations and planned expansions.

Interest rate cash flow risk

The company has both interest bearing assets and interest bearing liabilities. Interest bearing assets include only cash balances, all of which earn interest at a variable rate. The company has a policy of also maintaining debt at a variable rate. The directors will revisit the appropriateness of this policy should the company's operations change in size or nature.

Disclosure of information to auditor

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 auditor is 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 auditor is aware of that information.

Auditor

Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and UNW LLP will therefore continue in office.

This report was approved by the board on 6 September 2023 and signed on its behalf by:



J Robinson
Director

Cyclife UK Limited

Directors' responsibilities statement Year ended 31 December 2022

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 and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- 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.



Independent auditor's report to the members of Cyclife UK Limited

Opinion

We have audited the financial statements of Cyclife UK Limited (the 'company') for the year ended 31 December 2022, which comprise the statement of comprehensive income, the balance sheet, 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 2022 and of its loss 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 'Auditor's 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 auditor's report to the members of Cyclife UK Limited (continued)

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's 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 5, 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 auditor's report to the members of Cyclife UK Limited (continued)

Auditor's responsibilities for the audit of the financial statements

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

We identified areas of law and regulations that could reasonably be expected to have a material effect on the financial statements from our general and sector experience and through discussions with the directors and other management (as required by Auditing Standards) and from inspection of the company's legal correspondence. We discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations. We communicated identified laws and regulations within our audit team and remained alert to any indications of non-compliance throughout the audit.

Firstly, the company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly the company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect; compliance with regulations imposed by the Office for Nuclear Regulation and the Environment Agency, data protection, health and safety, employment law and certain aspects of company legislation, recognising the nature of the company's activities. Auditing Standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Through these procedures, we have not become aware of actual or suspected non-compliance material to the financial statements.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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 auditor's report.



Independent auditor's report to the members of Cyclife UK Limited (continued)

Use of our report

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

David Redhead (Senior Statutory Auditor)
for and on behalf of UNW LLP, Statutory Auditor
Chartered Accountants
Newcastle upon Tyne

6 September 2023

Cyclife UK Limited

Statement of comprehensive income Year ended 31 December 2022

	Note	2022 £	2021 £
Profit and loss account			
Turnover	5	14,609,680	11,726,807
Cost of sales		(11,414,262)	(11,649,513)
Gross profit		3,195,418	77,294
Administrative expenses		(3,551,935)	(2,256,613)
Other operating income	6	41,671	834,249
Operating loss	7	(314,846)	(1,345,070)
Interest payable and similar charges	10	(209,240)	(90,309)
Loss on ordinary activities before taxation		(524,086)	(1,435,379)
Tax on loss	11	-	(3,000)
Loss for the financial year		(524,086)	(1,438,379)

There was no other comprehensive income for 2022 or 2021.

The notes on pages 13 to 27 form part of these financial statements.

Cyclife UK Limited

Balance sheet At 31 December 2022

	Note	2022 £	2021 £
Fixed assets			
Tangible assets	12	11,774,180	10,408,065
		<u>11,774,180</u>	<u>10,408,065</u>
Current assets			
Debtors	13	7,610,761	6,473,017
Cash at bank and in hand		902,638	353,151
		<u>8,513,399</u>	<u>6,826,168</u>
Creditors: amounts falling due within one year	14	(6,785,053)	(6,490,318)
Net current assets		<u>1,728,346</u>	<u>335,850</u>
Total assets less current liabilities		<u>13,502,526</u>	<u>10,743,915</u>
Creditors: amounts falling due after more than one year	15	(6,503,304)	(3,235,822)
Provisions for liabilities	16	(3,501,616)	(3,486,401)
Net assets		<u>3,497,606</u>	<u>4,021,692</u>
Capital and reserves			
Called up share capital	17	1,022,500	1,022,500
Share premium account	17	12,500	12,500
Other reserves	17	15,500,000	15,500,000
Profit and loss account	17	(13,037,394)	(12,513,308)
Total equity		<u>3,497,606</u>	<u>4,021,692</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 6 September 2023.



J Robinson
Director

Company registered number: 04772229

The notes on pages 13 to 27 form part of these financial statements.

Cyclife UK Limited

Statement of changes in equity Year ended 31 December 2022

	Called up share capital £	Share premium account £	Other reserves £	Profit and loss account £	Total equity £
At 1 January 2021	1,022,500	12,500	15,500,000	(11,074,929)	5,460,071
Loss for the year	-	-	-	(1,438,379)	(1,438,379)
At 1 January 2022	1,022,500	12,500	15,500,000	(12,513,308)	4,021,692
Loss for the year	-	-	-	(524,086)	(524,086)
At 31 December 2022	1,022,500	12,500	15,500,000	(13,037,394)	3,497,606

The notes on pages 13 to 27 form part of these financial statements.

Cyclife UK Limited

Notes to the financial statements Year ended 31 December 2022

1. General information

Cyclife UK Limited ('the company') is a business specialising in the provision of decommissioning and waste management solutions to the nuclear and other highly regulated industries. It also provides technical consultancy services, professional training and program and project management within the sector.

The company is a private company limited by shares, incorporated and domiciled in the United Kingdom. The address of the registered office is given in the company information page of this report.

2. Statement of compliance

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

3. Accounting policies

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 periods presented, unless otherwise stated.

3.1 Basis of preparation of financial statements

The financial statements are prepared on a going concern basis and under the historical cost convention. They are presented in pounds sterling and rounded to the nearest £.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the process of applying the company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4.

3.2 Reduced disclosures

FRS 102 allows a qualifying entity certain disclosure exemptions. The company meets the definition of a qualifying entity and has taken advantage of the exemptions relating to the disclosure of remuneration for key management personnel and the preparation of a cash flow statement. The consolidated financial statements of Cyclife Holding SAS include a consolidated cash flow statement and the equivalent key management personnel disclosures.

Cyclife UK Limited

Notes to the financial statements Year ended 31 December 2022

3. Accounting policies (continued)

3.3 Going concern

The company meets its day to day working capital requirements through its cash resources and operating cash flows, supported by funding from its parent undertaking, Cyclife Holding SAS, to finance additional working capital needs as well as budgeted investment and growth opportunities. Repayment of existing group loans at the balance sheet date, together with further advances since the year end, have also been extended to at least December 2024 since the year end, with further details provided in the notes 14 and 15 to these financial statements.

The directors have prepared financial forecasts which indicate that the company, with the continued financial support of Cyclife Holding SAS, will maintain sufficient financial headroom and cash reserves to enable it to continue meeting its liabilities as they fall due in the normal course of business for the foreseeable future. In this regard, the company's financial forecasts and projections for at least the next twelve months, which include further funding requirements to meet its working capital needs and investment plans, have been approved by its parent undertaking who have confirmed they remain fully committed to supporting the company's operations including through the provision of additional funding. As with any company placing reliance on the availability of such financial support the directors acknowledge that there is no certainty the support will continue to be made available, however, as at the date of approval of these financial statements and based on the assurances received, they have no reason to believe that the necessary support will not continue to be available.

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to prepare the financial statements on a going concern basis.

3.4 Revenue recognition

Turnover is measured at the fair value of the consideration received or receivable and represents the amount receivable for services rendered, excluding discounts and value added tax.

In respect of long term contracts and contracts for on-going services, turnover represents the value of work done in the year, including estimates of amounts not invoiced. Turnover in respect of long-term contracts and contracts for on-going services is recognised by reference to the stage of completion.

When it is probable that contract costs will exceed the total contract turnover, the expected loss is recognised as an expense immediately.

Revenue recognised in excess of amounts invoiced to customers is included in debtors, as amounts recoverable on contracts. Payments received and invoices issued in excess of revenue recognised on individual contracts are included in creditors, as payments on account.

Cyclife UK Limited

Notes to the financial statements Year ended 31 December 2022

3. Accounting policies (continued)

3.5 Tangible fixed assets depreciation

Tangible fixed assets are stated at cost, less accumulated depreciation and accumulated impairment losses. Cost includes the purchase price plus any further costs directly attributable to making the asset operate as intended.

Depreciation is not charged on freehold land or assets under construction. Depreciation is provided on all other tangible fixed assets, at rates calculated to write off the cost less estimated residual value of each asset over its estimated useful life as follows:

Freehold buildings	-	2% straight line
Plant and machinery	-	5% - 20% straight line
Fixtures and fittings	-	20% straight line
Motor vehicles	-	25% straight line
Computer equipment	-	33% straight line
Decommissioning costs	-	2% straight line

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

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to get ready for their intended use or sale are added to the cost of those assets, until such time as the assets are substantially ready for their intended use.

3.6 Financial instruments

The company only enters into financial instruments transactions that result in the recognition of financial assets and liabilities that are basic debt instruments, such as trade and other accounts receivable and payable, cash and bank balances, loans and other amounts due to or from related parties, including fellow group companies. Debt instruments due within one year are measured, initially and subsequently, at the transaction price. Debt instruments due after one year are measured initially at the transaction price and subsequently at amortised cost using the effective interest method.

At the end of each reporting period, debt financial assets are assessed for impairment and their carrying value reduced if necessary. Any impairment charge is recognised in the profit and loss account.

Cyclife UK Limited

Notes to the financial statements Year ended 31 December 2022

3. Accounting policies (continued)

3.7 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 the profit and loss account in the year that the company becomes aware of the obligation and are remeasured at each balance sheet date at the best estimates of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

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

Decommissioning costs

Provision has been made in accordance with FRS 102 for site decommissioning costs likely to be incurred in the future on decommissioning a nuclear facility. Full provision is made for the costs, discounted at an appropriate cost of capital.

3.8 Impairment of non-financial assets

At each balance sheet date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset (or asset's cash generating unit) may be impaired. If there is such an indication the recoverable amount of the asset (or asset's cash generating unit) is compared to the carrying value amount of the asset (or asset's cash generating unit).

The recoverable amount of the asset (or asset's cash generating unit) is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future cash flows before interest and tax obtainable as a result of the asset's (or asset's cash generating unit) continued use. These cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset.

If the recoverable amount of the asset (or asset's cash generating unit) is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the profit and loss account unless the asset has been revalued when the amount is recognised in other comprehensive income to the extent of any previously recognised valuation gain. Thereafter any excess is recognised in the profit and loss account.

If an impairment loss is subsequently reversed, the carrying amount of the asset (or asset's cash generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the profit and loss account.

3.9 Foreign currency translation

Transactions in foreign currencies are translated into sterling using the spot exchange rate at the dates of the transactions. At each balance sheet date, foreign currency monetary assets and liabilities are translated using the spot rate at that date. Foreign exchange gains and losses are recognised in the profit and loss account.

Cyclife UK Limited

Notes to the financial statements Year ended 31 December 2022

3. Accounting policies (continued)

3.10 Leases

Leases that do not confer the rights and obligations approximating to ownership are classified as operating leases. Rental payments under operating leases are charged to the profit and loss account on a straight line basis over the lease term, even if payments are not made on such a basis.

3.11 Research and development

Research and development expenditure is written off to the profit and loss account in the period in which it is incurred.

3.12 Employee benefits

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 employee's entitlement to the benefit accrues.

Defined contribution pension plan

The company operates a defined contribution pension plan for its employees. Contributions are recognised as an expense when they fall due. Amounts due but not yet paid are included within creditors on the balance sheet. The assets of the plan are held separately from the company in independently administered funds.

3.13 Taxation

The taxation expense for the year comprises current and deferred tax and is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case the tax expense is also recognised in other comprehensive income or directly in equity.

Current tax is the amount of income tax payable in respect of the taxable profit for the current or past reporting periods. It is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax represents the future tax consequences of transactions and events recognised in the financial statements of current and previous periods, and arises from 'timing differences' (where transactions or events are included in the financial statements in periods different from those in which they are assessed for tax). Deferred tax is recognised in respect of all timing differences, except that unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing differences.

Cyclife UK Limited

Notes to the financial statements Year ended 31 December 2022

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

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

Significant judgments in applying the entity's accounting policies

No significant judgments were required in the process of applying the company's accounting policies for these financial statements.

Key sources of estimation uncertainty

Revenue recognition - long term contract accounting - the amount of revenue and profit recognised in relation to contracts which are part complete at the balance sheet date is dependent on estimates of the future costs that will be required to complete the contract and hence the stage of completion and overall profitability of the contract. Estimates of further costs (and potential revenue variations) are continually evaluated and updated based on managements detailed knowledge of project status and contractual requirements. See note 13 for amounts recoverable on contracts, being the cumulative amount of revenue recognised in excess of amounts invoiced to customers at the balance sheet date, and note 14 for the balance of payments received and invoices raised in advance of revenue being recognised by the year end.

Useful lives of fixed assets - the annual depreciation and amortisation charges for tangible fixed assets is sensitive to changes in the estimated useful lives and the residual values of the assets, which are reassessed annually and amended to reflect current estimates. There have been no changes in the estimation bases during the current reporting period. See note 12 for the carrying amount of tangible fixed assets and note 3.5 for the estimated useful lives of each class of asset.

Decommissioning provision - the provision recognised in respect of the decommissioning of the Workington site requires estimates to be made of costs which will be incurred in the future. These future cash flows require assumptions and estimates to be made. The provision is discounted to present value using a discount rate; the selection of an appropriate discount rate also requires judgment. See note 16 for more details of the provision in respect of decommissioning costs.

GDS provision - the provision recognised in these financial statements is for remedial works associated with waste collected from scrap yards which do not meet the criteria at the LLW Repository as currently packaged. The provision is an estimate made by management as to the cost of retrieving the waste and re-treating until such time as a definitive alternative resolution to this matter can be agreed. See note 16 for more details in relation to the GDS provision.

Other sources of estimation uncertainty

Other estimates included within these financial statements include asset impairments, such as provisions against debtors, and other provisions in respect of ongoing contracts. None of the other estimates made in the preparation of these financial statements are considered to carry significant estimation uncertainty, nor to bear significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Cyclife UK Limited

Notes to the financial statements Year ended 31 December 2022

5. Turnover

An analysis of turnover by class of business is as follows:

	2022 £	2021 £
Waste treatment	7,206,926	5,545,883
Consultancy	1,684,274	1,319,955
Site services	3,243,071	3,383,851
Decommissioning	2,475,409	1,477,118
	<u>14,609,680</u>	<u>11,726,807</u>

All turnover arose within the United Kingdom.

6. Other operating income

	2022 £	2021 £
Government grants	-	10,822
Group recharges	41,671	823,427
	<u>41,671</u>	<u>834,249</u>

7. Operating loss

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

	2022 £	2021 £
Foreign exchange differences	285,330	(165,064)
Depreciation of tangible fixed assets	428,700	375,056
Operating lease rentals	92,425	52,356
Audit fees payable to the company's auditor	27,000	21,000
	<u>733,455</u>	<u>683,348</u>

Cyclife UK Limited

Notes to the financial statements Year ended 31 December 2022

8. Employees

Staff costs, including directors' remuneration, were as follows:

	2022 £	2021 £
Wages and salaries	6,806,823	6,139,860
Social security costs	806,258	687,190
Other pension costs (note 18)	397,022	309,579
	<u>8,010,103</u>	<u>7,136,629</u>

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

	2022 No.	2021 No.
Production	52	58
Selling and distribution	4	5
Administration	17	14
Consultancy	64	42
	<u>137</u>	<u>119</u>

9. Directors' remuneration

	2022 £	2021 £
Directors' emoluments	231,667	248,834
Company contributions to defined contribution pension schemes	32,665	30,302
	<u>264,332</u>	<u>279,136</u>

During the year retirement benefits were accruing to 2 directors (2021: 2) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £133,585 (2021: £154,765).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £19,833 (2021: £18,332).

Cyclife UK Limited

Notes to the financial statements Year ended 31 December 2022

10. Interest payable and similar expenses

	2022 £	2021 £
Loans from group undertakings	209,240	90,309

11. Taxation

	2022 £	2021 £
Corporation tax		
Adjustments in respect of previous periods	-	3,000
Total current tax	-	3,000
Taxation on profit on ordinary activities	-	3,000

Factors affecting tax charge for the year

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

	2022 £	2021 £
Loss on ordinary activities before tax	(524,086)	(1,435,379)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	(99,576)	(272,722)
Effects of:		
Expenses not deductible for tax purposes	27,021	32,898
Movement in deferred tax not recognised	103,948	239,824
Adjustments to tax charge in respect of prior periods	-	3,000
Benefits of superdeduction	(31,393)	-
Total tax charge for the year	-	3,000

Cyclife UK Limited

Notes to the financial statements Year ended 31 December 2022

11. Taxation (continued)

Factors that may affect future tax charges

At the balance sheet date the company had unutilised trading losses of approximately £11,216,000 (2021: £9,684,000) available to carry forward against future taxable profits. There exists unrecognised deferred tax assets of £3,439,000 (2021: £3,194,000), principally in respect of these losses, which the directors have not recognised until such time as their recovery can be assessed with reasonable certainty.

In the Spring Budget 2021, the Government announced that from 1 April 2023 the main rate of corporation tax would increase from 19% to 25%. This new law was substantively enacted on 24 May 2021. Deferred taxes at the balance sheet date have been measured using the enacted tax rate and reflected in these financial statements.

Cyclife UK Limited

Notes to the financial statements Year ended 31 December 2022

12. Tangible fixed assets

	Land and freehold property £	Plant and machinery £	Fixtures and fittings £	Assets under con- struction £	Computer equipment £	Decom- missioning costs £	Total £
Cost							
At 1 January 2022	7,394,187	3,827,916	190,242	-	383,327	3,000,000	14,795,672
Additions	51,304	188,743	49,065	1,179,943	49,144	276,616	1,794,815
At 31 December 2022	<u>7,445,491</u>	<u>4,016,659</u>	<u>239,307</u>	<u>1,179,943</u>	<u>432,471</u>	<u>3,276,616</u>	<u>16,590,487</u>
Depreciation							
At 1 January 2022	835,987	2,400,568	98,469	-	332,583	720,000	4,387,607
Charge for the year	71,872	234,239	27,146	-	35,443	60,000	428,700
At 31 December 2022	<u>907,859</u>	<u>2,634,807</u>	<u>125,615</u>	<u>-</u>	<u>368,026</u>	<u>780,000</u>	<u>4,816,307</u>
Net book value							
At 31 December 2022	<u>6,537,632</u>	<u>1,381,852</u>	<u>113,692</u>	<u>1,179,943</u>	<u>64,445</u>	<u>2,496,616</u>	<u>11,774,180</u>
At 31 December 2021	<u>6,558,200</u>	<u>1,427,348</u>	<u>91,773</u>	<u>-</u>	<u>50,744</u>	<u>2,280,000</u>	<u>10,408,065</u>

Included within land and freehold property is land which is not depreciated costing £3,790,275 (2021: £3,790,275).

Cyclife UK Limited

Notes to the financial statements Year ended 31 December 2022

13. Debtors

	2022 £	2021 £
Trade debtors	1,182,147	1,827,133
Amounts owed by group undertakings	987,898	264,222
Prepayments and accrued income	495,483	281,425
Amounts recoverable on long term contracts	4,945,233	4,100,237
	<u>7,610,761</u>	<u>6,473,017</u>

Trade debtors are stated after provisions for impairment of £nil (2021: £nil).

14. Creditors: amounts falling due within one year

	2022 £	2021 £
Payments received on account	1,779,600	1,510,472
Trade creditors	1,445,114	2,226,891
Amounts owed to group undertakings	1,295,423	1,432,605
Other taxation and social security	530,067	381,684
Other creditors	11,551	28,906
Accruals and deferred income	1,723,298	909,760
	<u>6,785,053</u>	<u>6,490,318</u>

Amounts owed to group undertakings include £1,003,180 (2021: £966,545) in respect of unsecured loans which were due to be repaid within twelve months. Since the year end the company's parent undertaking has indicated that repayment of these loans will be extended by a further year and then reviewed on an annual basis having regard for the company's cash position and future funding requirements.

15. Creditors: amounts falling due after more than one year

	2022 £	2021 £
Loans from group undertakings	<u>6,503,304</u>	<u>3,235,822</u>

Loans from group undertakings are unsecured, repayable between 31 December 2024 and 31 December 2025 and accrue interest at rates of 3.21% to 7.63% per annum.

Cyclife UK Limited

Notes to the financial statements Year ended 31 December 2022

16. Provisions

	GDS provision £	Decommissioning provision £	Pond skips provision £	Total £
At 1 January 2022	225,000	3,000,000	261,401	3,486,401
Movement in required provision	-	276,616	-	276,616
Released unutilised	-	-	(261,401)	(261,401)
At 31 December 2022	225,000	3,276,616	-	3,501,616

The company has made a provision for remedial works associated with waste collected from scrap yards in England which do not meet the criteria at the LLW Repository as currently packaged. A value of up to £314,000 was provided during 2017 for the costs of retrieving and repacking the waste from existing containers and one container was delivered back to Cyclife UK during 2019. The GDS provision represents management's best estimate of the works required based on information currently available until such time as a definitive alternative solution to the matter can be agreed.

Provision has been made for site decommissioning costs likely to be incurred in the future on the decommissioning of a nuclear facility. No reimbursement asset has been recognised relating to this provision. This has been increased in the year as a result of inflation and rises in the expected costs.

The company had a provision for a loss making contract ('Pond skips'). The amount provided, of £261,401, represented managements' best estimate of the loss to be incurred in completing the contract having regard to the information available to them at the time. Due to efficiencies identified during the year and resulting changes to the cost profile, the directors no longer anticipate a loss on the contract and the full provision has been released during the year.

Cyclife UK Limited

Notes to the financial statements Year ended 31 December 2022

17. Share capital

	2022 £	2021 £
Allotted, called up and fully paid		
1,000,000 (2021 - 1,000,000) Ordinary shares of £1.00 each	1,000,000	1,000,000
15,000 (2021 - 15,000) Ordinary A shares of £1.00 each	15,000	15,000
7,500 (2021 - 7,500) Ordinary B shares of £1.00 each	7,500	7,500
	<u>1,022,500</u>	<u>1,022,500</u>

The Ordinary, A Ordinary and B Ordinary shares rank pari passu in all respects.

Profit and loss account

The profit and loss reserve represents cumulative profits and losses, net of cumulative dividends and other adjustments.

Share premium account

The share premium account represents the premium arising on the issue of shares, net of issue costs.

Other reserves

Other reserves comprise cumulative shareholder contributions to the company.

18. Pension commitments

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £397,022 (2021: £309,579). Contributions totalling £61,183 (2021: £40,033) were payable to the fund at the balance sheet date and are included within creditors.

19. Commitments under operating leases

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

	2022 £	2021 £
Not later than 1 year	95,875	74,220
Later than 1 year and not later than 5 years	314,941	224,071
Later than 5 years	177,115	228,460
	<u>587,931</u>	<u>526,751</u>

Cyclife UK Limited

Notes to the financial statements Year ended 31 December 2022

20. Related party transactions

Cyclife UK Limited is wholly owned by Cyclife Holding SAS, whose financial statements are publicly available. The company has taken advantage of the exemptions available under FRS 102 and has not disclosed transactions with companies that are wholly owned subsidiaries of Cyclife Holding SAS group of companies.

21. Controlling parties

The immediate parent undertaking is Cyclife Sweden Holding AB, a company incorporated in Sweden.

Electricite de France SA is the parent undertaking of the largest group of undertakings to consolidate these financial statements. The consolidated financial statements of Electricite de France SA can be obtained from:

Electricite de France SA
22 Avenue de Wagram
Paris
75008
France