

Registered number: 08597820

TALENT BIDCO LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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TALENT BIDCO LIMITED

COMPANY INFORMATION

Directors	S Marks (resigned 1 June 2022) B Lindstrom (resigned 27 October 2022) M A Geist (appointed 1 June 2022) M A Thiel (appointed 27 October 2022)
Registered number	08597820
Registered office	Gray's Inn House 127 Clerkenwell Road London EC1R 5DB
Independent auditor	MHA MacIntyre Hudson Chartered Accountants & Statutory Auditors Building 4 Foundation Park Roxborough Way Maidenhead Berkshire SL6 3UD
Bankers	HSBC Bank plc Floor 6 Metropolitan House CBX3 321 Avebury Boulevard Milton Keynes MK9 2NW

TALENT BIDCO LIMITED

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TALENT BIDCO LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

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

Review of business

The company is an investment holding company and the principal activity of the subsidiary undertakings is strategic resourcing and talent management services in Europe, Middle East, Latin America and Asia Pacific.

Results and performance

The group of companies headed by Cielo, Inc. (the "Group") (which includes Talent BidCo Limited ("TBC"), Cielo Talent Limited (the "Company", or "CTL") and Cielo Talent Management Limited ("CTML") (together, the "UK Group")) continue to monitor global markets and take appropriate actions. Management feels highly confident that appropriate actions are being taken and that proper plans are in place to position the Group for the future, regardless of which direction 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 Group during the year ended 31 December 2021, as set out on page 9 show a profit on ordinary activities before tax of \$776,000 (2020 loss: \$1,126,000).

Business environment

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

Strategy and future developments

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

Key performance indicators

	2021	2020
	\$000	\$000
Turnover	88,155	75,960
Gross profit	23,247	16,199
Profit/(loss) on ordinary activities before taxation	776	(1,127)

TALENT BIDCO LIMITED

**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

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:

Interest rate risk

The Group is not funded by external borrowings, therefore this is seen as a low risk to the group.

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.

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

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 2021.

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: 20 December 2022

TALENT BIDCO LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021**

The directors present their report and the financial statements for the year ended 31 December 2021.

Directors' responsibilities statement

The directors are responsible for preparing the Group Strategic Report, the Directors' Report and the consolidated 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 the Group and of the profit or loss of the Group for that period.

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

- select suitable accounting policies for the Group'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 Group 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 the Group 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 the Group 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 \$633,000 (2020 - loss \$1,226,000).

No dividends were declared or paid in the year ended 31 December 2021 (2020: \$nil).

TALENT BIDCO LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

Directors

The directors who served during the year were:

S Marks (resigned 1 June 2022)

B Lindstrom (resigned 27 October 2022)

At no time during the review period to which this report relates or when the directors' report is approved, existed qualifying indemnity provisions (whether made by the company or otherwise) for the benefit of one or more directors of the company or directors of an associated company.

During the year, the company has maintained cover for its directors and officers under a directors' and officers' liability insurance policy.

Overseas subsidiaries

The company has subsidiaries in various countries around the world. Please see note 15 for more information.

Financial instruments and risk management

Information on the use of financial instruments by the Group and its management of financial risk is disclosed in the Strategic Report.

Engagement with employees

Consultation with employees or their representatives has continued at all levels, with the aim of ensuring that views are taken into account when decisions are made that are likely to affect their interests. All employees are aware of the financial and economic performance of their business units and of the Group as a whole, and are rewarded according to the results of both through an annual bonus scheme. Communication with all employees continues through the in-house newspaper and newsletters, briefing groups and the distribution of the annual report.

Engagement with suppliers, customers and others

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

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Group continues and the appropriate training is arranged. It is the policy of the Group that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

TALENT BIDCO LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

Greenhouse gas emissions, energy consumption and energy efficiency action

The Group's greenhouse gas emissions and energy consumption are as follows:

	2021	2020
Emissions resulting from the purchase of the electricity by the Group for its own use (in tonnes of CO2 equivalent)	16.00 tCO2e	15.08 tCO2e
Energy consumed resulting from the purchase of electricity by the Group for its own use, in kWh	75,332 kWh	67,582 kWh

We have followed HM Government Environmental Reporting Guidelines and used the 2020 UK Government's Conversion Factors for corporate reporting. The chosen intensity measurement ratio is total gross emissions in kilograms per employee, which is 81.6 kgCO2e (2020: 70.0 kgCO2e).

The group operates in the service industry and the only energy consumption is the powering of leased offices. During the year, the pandemic restricted all travel unless absolutely necessary, and all staff were working remotely for 9 months of the year. Any energy usage incurred through travel by the company is considered negligible.

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 and the Group'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 and the Group's auditor is aware of that information.

Post balance sheet events

No significant events occurred since the year end. The ongoing impact of the pandemic on the company, together with any future developments of the company, can be found in the Strategic Report on page 1.

Auditor

Under section 487(2) of the Companies Act 2006, MHA MacIntyre Hudson will be deemed to have been reappointed as auditor 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

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



M A Geist
Director

Date: 20 December 2022

TALENT BIDCO LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TALENT BIDCO LIMITED

Opinion

I have audited the financial statements of Talent Bidco Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2021, which comprise the Group Profit and Loss Account, the Group Statement of Comprehensive Income, the Group and Company Balance Sheets, the Group Statement of Cash Flows, the Group and Company Statement of Changes in Equity and the related notes to the financial statements, including 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 my opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 December 2021 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, I 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 I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's or the parent 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.

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

TALENT BIDCO LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TALENT BIDCO LIMITED (CONTINUED)

Other information

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

I have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Group 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 Group 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 Group and the parent Company and its environment obtained in the course of the audit, I have not identified material misstatements in the Group Strategic Report or the Directors' Report.

I have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires me to report to you if, in my opinion:

- adequate accounting records have not been kept by the parent Company, or returns adequate for my audit have not been received from branches not visited by me; or
- the parent Company 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
- I have not received all the information and explanations I require for my audit.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 3, 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 Group's and the parent 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 Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

TALENT BIDCO LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TALENT BIDCO LIMITED (CONTINUED)

Auditor responsibilities for the audit of the financial statements

My 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 my 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 Group financial statements.

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

- Enquiry of management and those charged with governance around actual and potential litigation and claims;
- Enquiry of entity staff in finance and compliance functions to identify any instances of non-compliance with laws and regulations;
- Performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias, and;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.

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 my 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 my Auditor's Report.

TALENT BIDCO LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TALENT BIDCO LIMITED (CONTINUED)

Use of my 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. My audit work has been undertaken so that I might state to the Company's members those matters I am required to state to them in an Auditor's Report and for no other purpose. To the fullest extent permitted by law, I do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for my audit work, for this report, or for the opinions I have formed.

Jason Mitchell

Jason Mitchell

for and on behalf of

MHA MacIntyre Hudson

Chartered Accountants

Statutory Auditors

Maidenhead

Date: *22 December 2022*

TALENT BIDCO LIMITED

**CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Note	2021 \$000	2020 \$000
Turnover	3	88,155	75,690
Cost of sales		(64,887)	(59,491)
Gross profit		23,268	16,199
Administrative expenses		(22,207)	(20,420)
Exceptional administrative expenses		(1,555)	(2,316)
Other operating income	5	1,215	5,421
Operating profit/(loss)	6	721	(1,116)
Interest payable/(receivable) and similar expenses	11	65	(11)
Profit/(loss) before tax		786	(1,127)
Tax on profit/(loss)	12	(153)	(99)
Profit/(loss) for the financial year		633	(1,226)
Profit/(loss) for the year attributable to:			
Owners of the parent		633	(1,226)

There were no recognised gains and losses for 2021 or 2020 other than those included in the consolidated profit and loss account.

The notes on pages 17 to 33 form part of these financial statements.

TALENT BIDCO LIMITED

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Note	2021 \$000	2020 \$000
Profit/(loss) for the financial year		<u>633</u>	<u>(1,226)</u>
Other comprehensive income			
(Losses)/gains on currency translation		<u>(373)</u>	<u>(2,735)</u>
Total comprehensive income for the year		<u>260</u>	<u>(3,961)</u>
Profit/(loss) for the year attributable to:			
Owners of the parent Company		<u>633</u>	<u>(1,226)</u>

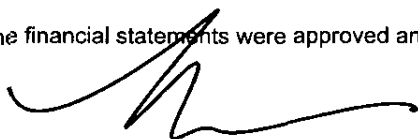
The notes on pages 17 to 33 form part of these financial statements.

TALENT BIDCO LIMITED
REGISTERED NUMBER: 08597820

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2021

	Note	2021 \$000	2020 \$000
Fixed assets			
Intangible assets	13	27,506	30,754
Tangible assets	14	1,244	1,192
		<u>28,750</u>	<u>31,946</u>
Current assets			
Debtors: amounts falling due within one year	16	17,871	13,733
Cash at bank and in hand	17	8,261	8,701
		<u>26,132</u>	<u>22,434</u>
Creditors: amounts falling due within one year	18	(25,914)	(25,719)
Net current assets/(liabilities)		<u>218</u>	<u>(3,285)</u>
Total assets less current liabilities		<u>28,968</u>	<u>28,661</u>
Creditors: amounts falling due after more than one year	19	(500)	(503)
Provisions for liabilities			
Deferred taxation	21	(60)	(10)
		<u>(60)</u>	<u>(10)</u>
Net assets		<u>28,408</u>	<u>28,148</u>
Capital and reserves			
Share premium account	23	44,851	44,851
Foreign exchange reserve	23	2,632	3,005
Profit and loss account	23	(19,075)	(19,708)
Equity attributable to owners of the parent Company		<u>28,408</u>	<u>28,148</u>

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



M A Geist
Director

Date: 20 December 2022

The notes on pages 17 to 33 form part of these financial statements.

TALENT BIDCO LIMITED
REGISTERED NUMBER: 08597820

COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2021

	Note	2021 \$000	2020 \$000
Fixed assets			
Investments	15	66,414	64,729
Current assets			
Cash at bank and in hand	17	3	3
Creditors: amounts falling due within one year	18	(24,851)	(22,562)
Net current liabilities		(24,848)	(22,559)
Total assets less current liabilities		41,566	42,170
Net assets		41,566	42,170
Capital and reserves			
Share premium account	23	44,851	44,851
Profit and loss account brought forward		(2,681)	(2,811)
Loss/(profit) for the year		(604)	130
Profit and loss account carried forward		(3,285)	(2,681)
		41,566	42,170

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


M A Geist
Director

Date: 20 December 2022

The notes on pages 17 to 33 form part of these financial statements.

TALENT BIDCO LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Share premium account \$000	Translation reserve \$000	Profit and loss account \$000	Total equity \$000
At 1 January 2020	44,851	5,740	(18,482)	32,109
Loss for the year	-	-	(1,226)	(1,226)
Foreign exchange movement in year	-	(2,735)	-	(2,735)
At 1 January 2021	44,851	3,005	(19,708)	28,148
Profit for the year	-	-	633	633
Foreign exchange movement in year	-	(373)	-	(373)
At 31 December 2021	44,851	2,632	(19,075)	28,408

The notes on pages 17 to 33 form part of these financial statements.

TALENT BIDCO LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Share premium account \$000	Translation reserve \$000	Profit and loss account \$000	Total equity \$000
At 1 January 2020	44,851	(1)	(2,811)	42,039
Profit for the year	-	-	130	130
Foreign exchange movement in year	-	1	-	1
At 1 January 2021	44,851	-	(2,681)	42,170
Loss for the year	-	-	(604)	(604)
At 31 December 2021	44,851	-	(3,285)	41,566

The notes on pages 17 to 33 form part of these financial statements.

TALENT BIDCO LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021**

	2021 \$000	2020 \$000
Cash flows from operating activities		
Profit/(loss) for the financial year	633	(1,226)
Adjustments for:		
Amortisation of intangible assets	2,670	2,571
Depreciation of tangible assets	682	772
Government grants	(4)	(1,128)
Interest (payable)/receivable	(65)	11
Taxation charge	153	99
(Increase)/decrease in debtors	(4,281)	8,967
Increase/(decrease) in creditors	3,308	(4,585)
(Decrease) in amounts owed to groups	(3,115)	(3,099)
Corporation tax received	20	72
Impairment charge	658	1,393
Result of foreign exchange	(378)	(2,733)
Net cash generated from operating activities	281	1,114
Cash flows from investing activities		
Purchase of intangible fixed assets	(80)	(214)
Purchase of tangible fixed assets	(710)	(685)
Government grants received	4	1,128
Cash outflow as part of acquisition	-	(1,503)
Cash obtained as part of acquisition	-	68
Net cash from investing activities	(786)	(1,206)
Cash flows from financing activities		
Interest paid/(received)	65	(11)
Net cash used in financing activities	65	(11)
Net (decrease) in cash and cash equivalents	(440)	(103)
Cash and cash equivalents at beginning of year	8,701	8,804
Cash and cash equivalents at the end of year	8,261	8,701
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	8,261	8,701

The notes on pages 17 to 33 form part of these financial statements.

TALENT BIDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

1. General information

Talent BidCo Limited is a private company limited by shares and domiciled in England and Wales. The registration number is 08597820, and the registered office is Gray's Inn House, 127 Clerkenwell Road, London, EC1R 5DB.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

The presentation and functional currency of the company is US dollar, as this is the currency of the main economic area in which the parent company operates.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's 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 ageing of receivables, past experience of recoverability, and the credit profile of individuals or groups of customers.

TALENT BIDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.2 Basis of consolidation

The consolidated financial statements incorporate those of Talent Bidco Group Limited and all of its subsidiary undertakings for the year ended 31 December 2021. Subsidiaries acquired during the year are consolidated using the acquisition method. Their results are incorporated from the date that control passes. The difference between the cost of acquisition of shares in subsidiaries and the fair value of the separable net assets acquired is capitalised as purchased goodwill and amortised through the profit and loss account over its estimated economic life. Provision is made for any impairment. All financial statements are made up to 31 December 2021.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

The company has taken advantage of the exemption from presenting its own unconsolidated profit and loss account under section 408 of Companies Act 2006. The loss profit dealt with in the financial statements of the parent company is \$603,000 (2020 profit: \$130,000)

2.3 Foreign currency translation

In individual subsidiaries, joint ventures and associates, transactions in foreign currencies are initially recorded in the functional currency of those entities by applying the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the functional currency at the rate of exchange ruling at the balance sheet date. Any resulting exchange differences are included in the income statement unless hedge accounting is applied. Non monetary assets and liabilities other than those measured at fair value, are not retranslated subsequent to initial recognition.

The presentation currency of the company and group is US dollars and the exchange rate used for conversion was \$1.35 : £1 (2020: \$1.36 : £1).

In the consolidated financial statements, the assets and liabilities of non US dollar functional currency subsidiaries, joint ventures and associates, including related goodwill, are translated into US dollars at the rate of exchange ruling at the balance sheet date.

The results and cashflows of non US dollar functional currency subsidiaries, joint ventures and associates are translated into US dollars using average rates of exchange. In the consolidated financial statements, exchange adjustments arising when the opening net assets and the profits for the year retained by non US dollar functional currency subsidiaries, joint ventures and associates are translated into US dollars and taken to a separate component of equity and reported in the Consolidated statement of comprehensive income.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

2. Accounting policies (continued)

2.4 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 any assistance 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.

2.5 Turnover

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

2.6 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.7 Operating and finance leases: the Group as lessee

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

Fixed assets acquired under finance leases 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.

2.8 Pensions

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to Consolidated profit and loss in the period to which they relate.

2.9 Exceptional items

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

2. Accounting policies (continued)

2.10 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 and the Group operate and generate 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.

2.11 Goodwill

Goodwill representing the excess of the consideration for an acquired undertaking, or acquired trade and assets, compared with the fair value of net assets acquired is capitalised and written off evenly over 20 years as in the opinion of the directors this represents the years over which the goodwill is expected to give rise to economic benefits. Goodwill is reviewed for impairment at the end of the first full financial year following the acquisition and in other years if events or changes in circumstances indicate that the carrying value may not be recoverable.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

2. Accounting policies (continued)

2.12 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 life of the lease
Other fixed assets	- 3 years straight line

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.

2.13 Impairment of fixed assets and goodwill

Assets that are subject to depreciation or amortisation are assessed at each balance sheet date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each balance sheet date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

2.14 Investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.15 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.

2.16 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.

In the Consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

2. Accounting policies (continued)

2.17 Financial instruments

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

2.18 Creditors

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.19 Government grants

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

Grants of a revenue nature are recognised in the Consolidated Profit and Loss Account in the same period as the related expenditure.

2.20 Provisions for liabilities

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

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

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

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.

TALENT BIDCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

3. Turnover

The whole of the turnover is attributable to the provision of services, specifically talent management.

Analysis of turnover by country of destination:

	2021	2020
	\$000	\$000
United Kingdom	57,019	56,638
Rest of Europe	11,911	6,052
Rest of the world	19,225	13,000
	88,155	75,690

4. Exceptional items

	2021	2020
	\$000	\$000
Restructuring costs	-	674
Project costs	897	-
Transaction costs	-	249
Impairment charge	658	1,393
	1,555	2,316

Project costs were incurred during the year of \$897,000, relating to the build of a new recruitment platform.

5. Other operating income

	2021	2020
	\$000	\$000
Inter-company recharges	1,211	4,293
Government grants receivable	4	1,128

During the year, the group took advantage of the Coronavirus Job Retention Scheme (CJRS) as issued by the UK government and received \$4,000 (2020: \$1,128,000) as part of the scheme.

TALENT BIDCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

6. Operating profit/(loss)

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

	2021	2020
	\$000	\$000
Depreciation	682	772
Amortisation	2,670	2,571
Exchange differences	368	407
Other operating lease rentals	1,973	1,721
	<u> </u>	<u> </u>

7. Auditor's remuneration**Fees payable to the Group's auditor and its associates in respect of:**

Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	53	52
All other services	10	9
	<u> </u>	<u> </u>
	<u> </u>	<u> </u>

TALENT BIDCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

8. Employees

Staff costs were as follows:

	Group 2021 \$000	Group 2020 \$000	Company 2021 \$000	Company 2020 \$000
Wages and salaries	36,060	26,413	-	-
Social security costs	1,059	931	-	-
Cost of defined contribution scheme	189	204	-	-
	<u>37,308</u>	<u>27,548</u>	<u>-</u>	<u>-</u>

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

	2021 No.	2020 No.
Fee earners	472	459
Support	109	75
	<u>581</u>	<u>534</u>

The Company has no employees other than the directors, who did not receive any remuneration (2020 - \$NIL)

9. Key management personnel

Certain senior employees who have authority and responsibility for planning, directing and controlling the activities of the UK Group are considered to be key management personnel. Total remuneration in respect of these individuals is \$358,000 (2020: \$465,000).

10. Directors remuneration

The directors received no remuneration during the current and previous year as they were remunerated by the US parent. No retirement benefits were accruing nor paid to directors (2020: none) in respect of defined contribution pension schemes.

11. Interest payable/(receivable) and similar expenses

	2021 \$000	2020 \$000
Bank interest payable	15	-
Inter-company interest (receivable)/payable	(80)	11
	<u>(65)</u>	<u>11</u>

TALENT BIDCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

12. Taxation

	2021	2020
	\$000	\$000
Foreign tax		
Foreign tax on income for the year	104	72
Deferred tax		
Origination and reversal of timing differences	49	27
Taxation on profit on ordinary activities	153	99

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2020 - higher than) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	2021	2020
	\$000	\$000
Profit/(loss) on ordinary activities before tax	1,433	(1,127)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	149	(214)
Effects of:		
Expenses not deductible for tax purposes	148	446
Utilisation of tax losses	(583)	(446)
Overseas tax differences	439	313
Total tax charge for the year	153	99

The Group has estimated non-trade loan relationship deficits of \$1,019,000 (2020: \$1,073,000), trade losses of \$979,000 (2020: \$4,049,000) and excess management expenses of \$589,000 (2020: \$555,000) to utilise in future accounting periods.

No deferred tax asset has been provided on the above losses due to uncertainty as to the timing of reversal of the losses into a tax cash benefit.

TALENT BIDCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

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

The corporation tax rate for the year was 19%. As announced in the March 2021 Budget the main corporation tax rate will continue at 19% effective until 1 April 2023. From this date, the main rate of corporation tax is to be further increased to 25% effective from 1 April 2023. Businesses with profits of £50,000 or less will continue to be taxed at 19% and a taper above £50,000 will be introduced so that only businesses with profits greater than £250,000 will be taxed at the full 25% rate.

13. Intangible assets**Group and Company**

	Development expenditure \$000	Goodwill \$000	Total \$000
Cost			
At 1 January 2021	214	60,953	61,167
Additions	80	-	80
At 31 December 2021	294	60,953	61,247
Amortisation			
At 1 January 2021	-	30,413	30,413
Charge for the year	55	2,615	2,670
Impairment charge	-	658	658
At 31 December 2021	55	33,686	33,741
Net book value			
At 31 December 2021	239	27,267	27,506
At 31 December 2020	214	30,540	30,754

TALENT BIDCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

14. Tangible fixed assets**Group**

	Leasehold improvements \$000	Other fixed assets \$000	Total \$000
Cost or valuation			
At 1 January 2021	774	5,100	5,874
Additions	208	502	710
Exchange adjustments	29	(160)	(131)
At 31 December 2021	<u>1,011</u>	<u>5,442</u>	<u>6,453</u>
Depreciation			
At 1 January 2021	537	4,145	4,682
Charge for the year	103	579	682
Exchange adjustments	(48)	(107)	(155)
At 31 December 2021	<u>592</u>	<u>4,617</u>	<u>5,209</u>
Net book value			
At 31 December 2021	<u>419</u>	<u>825</u>	<u>1,244</u>
At 31 December 2020	<u>237</u>	<u>955</u>	<u>1,192</u>

TALENT BIDCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

15. Fixed asset investments**Company**

	Investments in subsidiary companies \$000
Cost or valuation	
At 1 January 2021	64,729
Additions	1,685
At 31 December 2021	<u><u>66,414</u></u>

The company holds 100% of the ordinary share capital of Cielo Talent Limited, which in turn owns 100% of the ordinary share capital in Cielo Talent Management Limited, both of which are incorporated in England and Wales.

Cielo Talent Management Limited owns 100% of the ordinary share capital in the following subsidiaries, all of which have a principal activity of talent management:

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

The company also owns 90% of Cielo Talent S.R.L., a company incorporated in Argentina and Cielo Talent Ltda, a company incorporated in Colombia, 99% of Cielo Human Capital, S de R.L. de C.V. and Pinstripe, S de R.L. de C.V., both of which are incorporated in Mexico. The non-controlling interests are owned by Cielo Talent Limited (UK entity).

The trade of Moorland Gray FZ LLC was wound down in 2020 and the company was dissolved in March 2021.

Each UK subsidiary is exempt from the requirements relating to the audit of their accounts as Talent BidCo Limited has guaranteed their liabilities under section 479A of the Companies Act 2006.

TALENT BIDCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

16. Debtors

	Group 2021 \$000	Group 2020 \$000
Trade debtors	11,683	8,305
Other debtors	4,019	3,968
Prepayments and accrued income	2,131	1,460
Tax recoverable	38	-
	17,871	13,733

17. Cash and cash equivalents

	Group 2021 \$000	Group 2020 \$000	Company 2021 \$000	Company 2020 \$000
Cash at bank and in hand	8,261	8,701	3	3

18. Creditors: Amounts falling due within one year

	Group 2021 \$000	Group 2020 \$000	Company 2021 \$000	Company 2020 \$000
Trade creditors	4,082	3,373	-	-
Amounts owed to group undertakings	9,462	12,577	24,851	22,562
Other taxation and social security	4,752	4,849	-	-
Accruals and deferred income	7,618	4,920	-	-
	25,914	25,719	24,851	22,562

Amounts owed to group companies are unsecured. As disclosed in Note 15, Talent Bidco Limited has guaranteed the liabilities of its subsidiary undertakings under section 479A of the Companies Act 2006.

TALENT BIDCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

19. Creditors: Amounts falling due after more than one year

	Group 2021 \$000	Group 2020 \$000
Other creditors	500	503

Creditors falling due in more than one year relates to deferred consideration as part of the acquisition of AsiaNet China Limited during 2020.

20. Financial instruments

	Group 2021 \$000	Group 2020 \$000	Company 2021 \$000	Company 2020 \$000
Financial assets				
Financial assets measured at fair value through profit or loss	8,261	8,701	3	3
Financial assets that are debt instruments measured at amortised cost	16,594	12,376	-	-
	24,855	21,077	3	3
Financial liabilities				
Financial liabilities measured at amortised cost	(20,066)	(20,453)	(24,851)	(22,562)

Financial assets measured at fair value through profit or loss comprise cash at bank.

Financial assets that are debt instruments measured at amortised cost comprise trade and other debtors.

Financial liabilities measured at amortised cost comprise trade and other creditors, accruals and amounts owed to parent undertakings.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

Group

	2021
	\$000
At beginning of year	(10)
Charged to profit or loss	(50)
	(60)
At end of year	(60)

	Group	Group
	2021	2020
	\$000	\$000
Accelerated capital allowances	(60)	(10)

	2021 \$	2020 \$
Allotted, called up and fully paid		
100 (2020 - 100) Ordinary shares of \$1.00 each	100	100

Share premium account

This reserve records the amount above the nominal value received for shares sold, less transaction costs.

Foreign exchange reserve

This reserve comprises translation differences arising from the translation of financial statements of the Group's subsidiary undertakings into US dollars (\$).

Profit and loss account

This reserve includes all current and prior periods retained profits and losses.

The group operates a stakeholder pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge for the year amounted to \$189,000 (2020: \$160,000). At the year end there was a pension liability of \$83,000 (2020: \$76,000).

TALENT BIDCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

25. Commitments under operating leases

At 31 December 2021 the Group had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group 2021 \$000	Group 2020 \$000
Not later than 1 year	2,140	2,770
Later than 1 year and not later than 5 years	4,867	4,499
	7,007	7,269

26. Ultimate parent company and controlling parties

The company's immediate parent company, and the smallest group of companies in which the group's results are consolidated, is Cielo Inc., a company incorporated in USA. The ultimate parent company is Sky HoldCo Corp., a corporation registered in USA, and based at 320 Park Avenue, 28th Floor, New York, NY 10022. There is no individual ultimate controlling party.

27. 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.