

Company Registration No. 04560277 (England and Wales)

PAGEONE COMMUNICATIONS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

PAGEONE COMMUNICATIONS LIMITED

COMPANY INFORMATION

Directors	C F Baker S N Taylor on behalf of Capita Corporate Director Limited C Ashburn A J Timlin J D Vincent
Secretary	Capita Group Secretary Limited
Company number	04560277
Registered office	30 Berners Street London England W1T 3LR
Auditor	KPMG LLP 15 Canada Square London E14 5GL
Banker	Barclays Bank PLC 1 Churchill Place London E14 5HP

PAGEONE COMMUNICATIONS LIMITED

CONTENTS

	Page
Strategic report	1 - 2
Directors' report	3 - 4
Independent auditor's report to the members of PageOne Communications Limited	5 - 6
Income statement	7
Balance sheet	8 - 9
Statement of changes in equity	10
Notes to the financial statements	11 - 26

PAGEONE COMMUNICATIONS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

The Directors present their Strategic report and financial statements for the year ended 31 December 2019.

Review of the business

Pageone Communications Limited ("the Company") is a wholly owned subsidiary (indirectly held) of Capita plc. Capita plc along with its subsidiaries is hereafter referred to as "the Group". The Company operates within the Group's Software division. The principal activity of the Company continued to be the provision of critical messaging services to the business sector. The Directors are not aware, at the date of this report, of any likely major changes in the Company's activities in the next year.

As shown in the Company's income statement on page 7, the Company's turnover has decreased from £10,896k in 2018 to £10,783k during the current year, whilst operating profit has increased from £2,697k to £2,910k over the same period due to reduction in employee costs and overall operating costs.

The balance sheet on pages 8-9 of the financial statements shows the Company's financial position at the year end. The Company has net assets of £9,025k as at 31 December 2019 as compared to net assets of £6,723k as at 31 December 2018. This is due to the increase in amounts owed by parent Company and fellow subsidiary undertakings and further improvements in net working capital. Details of amounts owed by/to its parent Company and fellow subsidiary undertakings are shown in notes 10 and 12 to the financial statements.

Key performance indicators used by the Group are operating margins, free cash flow, capital expenditure and return on capital employed. The Group manages its operations on a divisional basis and therefore, some of these indicators are monitored only at a divisional level. The performance of the Software division of the Group is discussed in the Group's annual report which does not form part of this report.

Principal risks and uncertainties

The Company is subject to various risks and uncertainties during the ordinary course of its business many of which result from factors outside of its control. The Company's risk governance framework provides assurance that significant risks are identified and addressed. The Company's risk management framework provides reasonable (but cannot provide absolute) assurance that significant risks are identified and addressed. An active risk management process identifies, assesses, mitigates and reports on strategic, financial, operational and compliance risk.

The principal themes of risk for the Company are:

- *Strategic*: changes in economic and market conditions such as contract pricing and competition.
- *Financial*: significant failures in internal systems of control and lack of corporate stability.
- *Operational*: including recruitment and retention of staff, maintenance of reputation and strong supplier and customer relationships, operational IT risk, and failures in information security controls.
- *Compliance*: non-compliance with laws and regulations. The Company must comply with an extensive range of requirements that govern its business.

To mitigate the effect of these risks and uncertainties, the Company adopts a number of systems and procedures, including:

- Regularly reviewing trading conditions to be able to respond quickly to changes in market conditions.
- Applying procedures and controls to manage compliance, financial and operational risks, including adhering to an internal control framework.

Capita plc has also implemented appropriate controls and risk governance techniques across all of its businesses which are discussed in the Group's annual report which does not form part of this report.

The Company's results for the year ended 31 December 2018 were unaudited.

PAGEONE COMMUNICATIONS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

Section 172 statement

The following disclosure describes how the Directors have had regard to the matters set out in section 172(1)(a) to (f) and forms the Directors' statement required under section 414CZA of the Companies Act 2006.

The Company forms part of the Government Services Division of the Capita plc Group and Capita plc's section 172 statement applies to both the Division and the Company to the extent it relates to the Company's activities. Common policies and practices are applied throughout the Group via divisional management teams and a common governance framework. The section 172 statement for Capita plc can be found on page 39 of Capita plc's Annual Report & Accounts 2019.

Stakeholder	Strategic issue	Engagement	Outcome	Principal decision
Our people	Workforce engagement; organisational culture; employee net promoter score	People surveys; regular all-employee communications	Established managers' commitments; research into future of work	Application of standard Capita plc policies and procedures; refreshed purpose, values and behaviours
Clients and customers	Net promoter score; quality and sustainability; additional value	Client survey; regular meetings with key clients and customers	Receipt of regular detailed feedback summaries; application of standard Capita plc policies and procedures which includes the establishment of Group contract review committee to ensure delivery against contractual obligations	Collaboration with clients and customers on key contracts
Suppliers and partners	Payment practices	Capita plc holds regular meetings with Federation of Small Businesses; account management meetings with large suppliers	Application of Group payment policies including supplier charter; signatory to UK Prompt Payment Code (target 95% of supplier payments within 60 days)	
Society	Operating responsibly	Meetings, memberships and surveys of non-governmental organisations and charities	Group established responsible business strategy and responsible business committee; approval of third-party transaction guidelines; commitment to real living wage in 2020; enhanced family pay policies; Fair Tax Mark accreditation	Approval of new code of conduct

* Principal decisions are those that are material to the Group and/or significant to any of our key stakeholder groups.

On behalf of the board



S N Taylor on behalf of Capita Corporate Director Limited

Director

Date: 4 September 2020

PAGEONE COMMUNICATIONS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

The Directors present their Directors' report and Financial statements for the year ended 31 December 2019.

Results and dividends

The results for the year are set out on page 7.

No dividend was declared or paid during the year (2018: £nil)

Directors

The Directors who held office during the year and up to the date of signature of the financial statements were as follows:

S J Maynard	(Resigned 29 June 2020)
C F Baker	
J Cowan	(Resigned 7 July 2020)
S N Taylor on behalf of Capita Corporate Director Limited	
C Ashburn	(Appointed 9 July 2020)
A J Timlin	(Appointed 29 June 2020)
J D Vincent	(Appointed 9 July 2020)

Political donations

The Company made no political donations and incurred no political expenditure during the year (2018: £nil).

Environment

Capita plc recognises the importance of its environmental responsibilities, monitors its impact on the environment, designs and implements policies to reduce any damage that might be caused by the Group's activities. The Company operates in accordance with Group policies, which are described in the Group's annual report which does not form part of this report. Initiatives designed to minimise the Company's impact on the environment include safe disposal of waste, recycling and reducing energy consumption.

Disabled person

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the company's continues and that the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee involvement

The Company's policy is to consult and discuss with employees, through unions, staff councils and at meetings, matters likely to affect employees' interests.

Auditor

KPMG LLP, having indicated its willingness, has been appointed as auditor under section 487(2) of the Companies Act 2006.

PAGEONE COMMUNICATIONS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

Statement of Directors' responsibilities in respect of the Strategic report, the Directors' report and the Financial statements

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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

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 judgements and 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;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

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

Statement of disclosure to auditor

So far as each person who was a Director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the Company's auditor is unaware. Having made enquiries of fellow Directors and the Company's auditor, each Director has taken all the steps that he /she might reasonably be expected to take as a Director in order to make himself /herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Qualifying third party indemnity provisions

The Company has granted an indemnity to the Directors of the Company against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act, 2006. Such qualifying third-party indemnity provision remains in force as at the date of approving the Director's report.

On behalf of the board



.....
S N Taylor on behalf of Capita Corporate Director Limited

Director

Date: 4 September 2020

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF PAGEONE COMMUNICATIONS LIMITED

Opinion

We have audited the financial statements of PageOne Communications Limited (the 'company') for the year ended 31 December 2019 which comprise the Income Statement, Balance Sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Material uncertainty related to going concern

We draw attention to note 1.1 to the financial statements which indicates that the company is reliant on its ultimate parent undertaking, Capita plc, in regard to its ability to continue as a going concern. Under a severe but plausible downside scenario Capita plc may require completion of its planned disposal programme, which requires shareholder approval and approval from the group's lenders. These agreements with third parties constitute a material uncertainty that may cast significant doubt on the company's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF PAGEONE COMMUNICATIONS LIMITED

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

Other matter – prior period financial statements

We note that the prior period financial statements were not audited. Consequently, ISAs (UK) require the auditor to state that the corresponding figures contained within these financial statements are unaudited. Our opinion is not modified in respect of this matter.

Directors' responsibilities

As explained more fully in their statement set out on pages 3 and 4, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at: <http://www.frc.org.uk/auditorsresponsibilities>.

The purpose of our audit work and to whom we owe our responsibilities

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.



Ross Martin (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

15 Canada Square
London
E14 5GL

4 September 2020

PAGEONE COMMUNICATIONS LIMITED

INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2019

		2019	Unaudited
	Notes	£'000	2018
			£'000
Revenue	3	10,783	10,896
Cost of sales		(5,055)	(4,798)
Gross profit		5,728	6,098
Administrative expenses		(2,818)	(3,401)
Operating profit	4	2,910	2,697
Income tax (charge)/credit	5	(608)	114
Total comprehensive income for the year		2,302	2,811

The income statement has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those recognised in the income statement.

The notes on pages 11 to 26 form an integral part of these financial statements.

PAGEONE COMMUNICATIONS LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2019

	Notes	2019 £'000	Unaudited 2018 £'000
Non-current assets			
Property, plant and equipment	6	662	620
Intangible assets	7	433	147
Investments in subsidiaries	8	243	243
Deferred tax	5	2,017	1,550
		<u>3,355</u>	<u>2,560</u>
Current assets			
Inventories	9	313	297
Trade and other receivables	10	11,380	9,984
Cash	11	46	74
		<u>11,739</u>	<u>10,355</u>
Total assets		<u><u>15,094</u></u>	<u><u>12,915</u></u>
Current liabilities			
Trade and other payables	12	1,011	1,553
Deferred income	13	2,929	3,013
Financial liabilities	14	74	512
Provisions	15	528	352
Income tax payable		1,234	327
		<u>5,776</u>	<u>5,757</u>
Non-current liabilities			
Trade and other payables	12	263	435
Deferred income	13	30	-
		<u>293</u>	<u>435</u>
Total liabilities		<u><u>6,069</u></u>	<u><u>6,192</u></u>
Net assets		<u><u>9,025</u></u>	<u><u>6,723</u></u>

PAGEONE COMMUNICATIONS LIMITED

BALANCE SHEET (CONTINUED)

AS AT 31 DECEMBER 2019

		2019	Unaudited
	Notes	£'000	2018
			£'000
Capital and reserves			
Issued share capital	16	50	50
Capital redemption reserve		114	114
Retained earnings		8,861	6,559
Total equity		9,025	6,723

The notes on pages 11 to 26 form and integral part of financial statements.

Approved by the Board and authorised for issue on 4 September 2020



.....
S N Taylor on behalf of Capita Corporate Director Limited
Director

Company Registration No. 04560277

PAGEONE COMMUNICATIONS LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2019

	Share capital	Capital redemption reserve	Retained earnings	Total equity
	£'000	£'000	£'000	£'000
At 1 January 2018 (unaudited)	50	114	3,748	3,912
Total comprehensive income for the year	-	-	2,811	2,811
At 31 December 2018 (unaudited)	50	114	6,559	6,723
Total comprehensive income for the year	-	-	2,302	2,302
At 31 December 2019	50	114	8,861	9,025

a) Share capital

The balance classified as share capital is the nominal proceeds on issue of the Company's equity share capital, comprising 50,000 ordinary shares of £1 each.

b) Capital redemption reserve

The Company can redeem shares by repaying the market value to the shareholder, whereupon the shares are cancelled. Redemption must be from distributable profits. The capital redemption reserve represents the nominal value of the shares redeemed.

c) Retained earnings

Net profits kept to accumulate in the Company after dividends are paid.

The notes on pages 11 to 26 form an integral part of these financial statements.

PAGEONE COMMUNICATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

1.1 Basis of preparation

PageOne Communications Limited is a company incorporated and domiciled in the United Kingdom.

The financial statements are prepared under the historical cost basis except where stated otherwise.

In determining the appropriate basis of preparation for the annual report and financial statements for the year ended 31 December 2019, the Directors are required to consider whether the Company will be able to operate within the level of available facilities and cash for the foreseeable future, being a period of at least 12 months following the approval of these accounts. The Directors have concluded that it is appropriate to adopt the going concern basis, having undertaken a rigorous assessment of the financial forecasts, key uncertainties and sensitivities, including the potential impact of COVID-19 as set out below.

Since late March 2020, the Group and the Company have faced challenges and uncertainties due to the COVID-19 pandemic.

The Directors expect revenue over the rest of the year to remain resilient, given the client base and the long-term nature of our contracts. Nevertheless, to enable a robust assessment of the medium term forecast financial performance the Directors commissioned an exercise in June 2020 to revisit the outlook to the end of 2021 ahead of the normal business plan process. The high level of uncertainty as to how the COVID-19 pandemic might evolve over the remainder of 2020 and into 2021, including whether or not there will be a second wave and what impact this may have on the operation of the business, makes precise forecasting challenging. There is a higher degree of uncertainty than would usually be the case in making the key judgements and assumptions that underpin the Company's financial forecasts.

The bottom-up forecasts have been subject to review and challenge by management and the Directors. The forecasts include overlays for additional financial benefits that are expected to be driven by the Group transformation programme. These include sales growth together with margin improvements and further cost out targets. The Directors have approved the 2021 outlook which, on the assumption that the overlays are successfully delivered, supports the base case and time period assessed as part of the going concern review for these financial statements.

In addition to the base case, the Directors considered severe but plausible downside scenarios, recognising there is execution risk associated with a transformation programme of such magnitude that has been impacted by the broader political and economic uncertainty introduced by COVID-19. Offsetting these risks the Directors have considered available mitigations within the direct control of the Company, including (restructuring and limiting variable rewards). Finally, the assessment has considered the extent to which the Company is reliant on the Group.

The Company is reliant on the Group in respect of the following:

- provision of administrative support services and should the Group be unable to deliver these services, the Company would have difficulty in continuing to trade;
- participation in the Group's notional cash pooling arrangements, of which £2,196,654 was held at 31 July 2020. In the event of a default by the Group, the Company may not be able to access this facility; and
- recovery of receivables of £9,976,084 from fellow Group undertakings as of 31 July 2020. If these receivables are not able to be recovered when forecast by the Company, then the Company may have difficulty in continuing to trade.

Given the reliance the Company has on the Group, the Directors have considered the financial position of the ultimate parent undertaking as disclosed in its most recent financial statements, being for the six months ended 30 June 2020.

PAGEONE COMMUNICATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

1.1 Basis of preparation (continued)

Ultimate parent undertaking – Capita plc

The Capita plc Board ('the Board') concluded that it was appropriate to adopt the going concern basis, having undertaken a rigorous assessment of the financial forecasts, key uncertainties and sensitivities, including the potential impact of COVID-19, when preparing the Group's consolidated financial statements for the six months to 30 June 2020. These financial statements were approved by the Board on 17 August 2020 and are available on the Group's website (www.capita.com/investors).

To address the medium-term resilience of the Group, the Board have announced the planned disposal of the Education Software Services business ('ESS'). It is the Board's expectation that these funds will provide the necessary liquidity headroom to address any potential shortfalls arising in the downside scenarios evaluated, albeit with potentially limited covenant headroom as at 30 June 2021. It is also the Board's expectation that these funds will provide for compliance with all covenants although in certain circumstances this headroom is potentially limited at June 2021. The Board has confidence in the robustness of its primary mitigation (the ESS disposal) against the downside scenarios considered. The Board has several other options which are being actively pursued to provide further resilience in the event of a downside scenario. These include additional disposals and a refinancing of short-term maturities.

Material uncertainty

The disposal of ESS is subject to shareholder and lender approval, both of which are outside the control of the Company. Accordingly, this gives rise to material uncertainty, as defined in auditing and accounting standards, relating to events and circumstances which may cast significant doubt about the Group's ability to continue as a going concern.

The Board is confident that the ESS disposal will be approved by shareholders and lenders, and based on this expectation believes that, even in a plausible but severe downside scenario, the Group will continue to have adequate financial resources to realise its assets and discharge its liabilities as they fall due over the period to 31 December 2021.

Conclusion

Although the Company has a reliance on the Group detailed above, even in a severe but plausible downside for both the Company and the Group, the Directors are confident the Company will continue to have adequate financial resources to realise its assets and discharge its liabilities as they fall due over the period to 31 December 2021. Consequently, the annual report and financial statements have been prepared on the going concern basis and do not include any adjustments which would be required if the going concern basis of preparation were to be deemed inappropriate.

However, as the Group's disposal of ESS is subject to shareholder and lender approval, both of which are outside the control of the Group, this gives rise to a material uncertainty relating to events and circumstances which may cast significant doubt about the Group and therefore also the Company's ability to continue as a going concern.

PAGEONE COMMUNICATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

1.2 Compliance with accounting standards

The Company has applied FRS 101 – Reduced Disclosure Framework in the preparation of its financial statements. The Company has prepared and presented these financial statements by applying the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("EU-IFRSs"), but made amendments, where necessary, to comply with The Companies, Act 2006.

The Company's ultimate parent undertaking, Capita plc, includes the Company in its consolidated statements. The consolidated financial statements are prepared in accordance with EU-IFRS and are available to the public and may be obtained from Capita plc's website on <http://investors.capita.com>.

In these financial statements, the Company has applied the disclosure exemptions available under FRS 101 in respect of the following disclosures:

- A cash flow statement and related notes;
- Comparative period reconciliations for share capital, tangible fixed assets and intangible assets;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of the compensation of key management personnel;
- Certain disclosures as required by IFRS 15 - Revenue from contracts; and
- Certain disclosures as required by IFRS 16 - Leases.

As the consolidated financial statements of Capita plc include equivalent disclosures, the Company has also taken the disclosure exemptions under FRS 101 available in respect of the following disclosure:

- Certain disclosures required by IFRS 2 Share Based Payments in respect of Group settled share based payments;
- Certain disclosures required by IAS 36 Impairments of assets in respect of the impairment of goodwill and indefinite life intangible assets;
- Certain disclosures required by IFRS 3 Business Combinations in respect of business combinations undertaken by the Company, in the current and prior periods including the comparative period reconciliation for goodwill; and
- Certain disclosures required by IFRS 13 *Fair Value Measurement* and the disclosures required by IFRS 7 *Financial Instrument Disclosures*.

PAGEONE COMMUNICATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

1.3 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except for the adoption of IFRS 16 Leases. In addition, the Company has adopted the new IFRIC as detailed below:

Initial adoption of IFRS 16 Leases

IFRS 16 (effective 1 January 2019) replaces IAS 17 and sets out the principles for the recognition, measurement, presentation and disclosure of leases. The Company applied IFRS 16 using the modified retrospective approach, under which the right of use asset which is equal to lease liabilities representing its obligation to make lease payments was recognised. Accordingly, the comparative information presented for 2018 has not been restated – i.e. it is presented, as previously reported under IAS 17 and related interpretations.

The adoption of IFRS 16 has had no material impact on the financial statements of the Company.

IFRIC 23 Uncertainty over Income Tax Treatments

IFRIC 23 (effective 1 January 2019) addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 Income Taxes. The Company has initially applied IFRIC 23 Uncertainty over Income Tax Treatments at 1 January 2019. The Company applies judgement in quantifying uncertainties over income tax treatments and has considered whether it should adjust its uncertain tax provisions in line with this new criteria. There is no impact on the Company's financial statements due to application of IFRIC 23 (2018: £nil).

In addition, the Company has adopted the new amendments to standards detailed below but they do not have a material effect on the Company's financial statements.

New amendments or interpretation	Effective date
Prepayment features with negative compensation (Amendments to IFRS 9)	1 January 2019
Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28)	1 January 2019
Plan amendment, curtailment or settlement (Amendments to IAS 19)	1 January 2019
Annual improvements to IFRS Standards 2015-2017 cycle (Amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23)	1 January 2019

1.4 Revenue recognition

Revenue is earned within the United Kingdom.

Revenue representing operating lease rental income from the hire of pagers to customers and messaging services subscription is recognised in the income statement in the period to which it relates. Lease rental and service subscription income billed in advance are treated as deferred income. Revenue is stated net of VAT. The revenue and profits recognised in any period are based on the delivery of performance obligations and an assessment of when control is transferred to the customer. For each performance obligation, the Company determines if revenue will be recognised over time or at a point in time. Revenue is recognised when the performance obligation in the contract has been performed (so 'point in time' recognition).

Transactional (point in time) contracts

The Company delivers a range of goods or services in all reportable segments that are transactional services for which revenue is recognised at the point in time when control of the goods or services has transferred to the customer. This may be at the point of physical delivery of goods and acceptance by a customer or when the customer obtains control of an asset or service in a contract with customer-specified acceptance criteria.

PAGEONE COMMUNICATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

1.4 Revenue recognition (continued)

At contract inception the total transaction price is estimated, being the amount to which the Company expects to be entitled and has rights to under the present contract. This includes an assessment of any variable consideration where the Company's performance may result in additional revenues based on the achievement of agreed KPIs. Such amounts are only included based on the expected value or the most likely outcome method, and only to the extent that it is highly probable that no revenue reversal will occur.

The transaction price does not include estimates of consideration resulting from change orders for additional goods and services unless these are agreed.

Once the total transaction price is determined, the Company allocates this to the identified performance obligations in proportion to their relative stand-alone selling prices and recognises revenue when (or as) those performance obligations are satisfied. The Company infrequently sells standard products with observable standalone prices due to the specialised services required by customers and therefore the Company applies judgement to determine an appropriate standalone selling price. More frequently, the Company sells a customer bespoke solution, and in these cases the Company typically uses the expected cost-plus margin or a contractually stated price approach to estimate the standalone selling price of each performance obligation.

Contract modifications

The Company's contracts are often amended for changes in contract specifications and requirements. Contract modifications exist when the amendment either creates new or changes the existing enforceable rights and obligations.

The effect of a contract modification on the transaction price and the Company's measure of progress for the performance obligation to which it relates, is recognised as an adjustment to revenue in one of the following ways:

- a. prospectively as an additional separate contract;
- b. prospectively as a termination of the existing contract and creation of a new contract;
- c. as part of the original contract using a cumulative catch up; or
- d. as a combination of (b) and (c).

For contracts for which the Company has decided there is a series of distinct goods and services that are substantially the same and have the same pattern of transfer where revenue is recognised over time, the modification will always be treated under either (a) or (b). (d) may arise when a contract has a part termination and a modification of the remaining performance obligations.

The facts and circumstances of any contract modification are considered individually as the types of modifications will vary contract by contract and may result in different accounting outcomes.

Judgement is applied in relation to the accounting for such modifications where the final terms or legal contracts have not been agreed prior to the period end as management need to determine if a modification has been approved and if it either creates new or changes existing enforceable rights and obligations of the parties. Depending upon the outcome of such negotiations, the timing and amount of revenue recognised may be different in the relevant accounting periods. Modification and amendments to contracts are undertaken via an agreed formal process. For example, if a change in scope has been approved but the corresponding change in price is still being negotiated, management use their judgement to estimate the change to the total transaction price. Importantly any variable consideration is only recognised to the extent that it is highly probably that no revenue reversal will occur.

PAGEONE COMMUNICATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

1.4 Revenue recognition (continued)

Deferred and accrued income

The Company's customer contracts include a diverse range of payment schedules dependent upon the nature and type of goods and services being provided. Payments for transactional goods and services may be at delivery date, in arrears or part payment in advance.

Where payments made are greater than the revenue recognised at the period end date, the Company recognises a deferred income contract liability for this difference. Where payments made are less than the revenue recognised at the period end date, the Company recognises an accrued income contract asset for this difference.

1.5 Property, plant and equipment

Property, plant and equipment are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Computer equipment	3 - 5 years
--------------------	-------------

The carrying values of property, plant and equipment are reviewed for impairment if events or changes in circumstance indicate that the carrying value may not be recoverable and are written down immediately to their recoverable amount. Useful lives and residual values are reviewed annually and where adjustments are required these are made prospectively.

1.6 Leasing

The Company has elected not to recognise right of use assets and lease liabilities for lease of low-value assets and short-term leases. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

1.7 Pensions

The Company participates in defined contribution pension schemes and contributions are charged to the Income Statement in the year in which they are due. These schemes are funded and the payment of contributions is made to separately administered trust funds. The assets of these schemes are held separately from the Company. The Company remits monthly pension contributions to Capita Business Services Limited, a fellow subsidiary undertaking, which pays the Group liability centrally. Any unpaid contributions at the year-end have been accrued in the accounts of that Company.

PAGEONE COMMUNICATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

1.8 Taxation

Tax on the profit or loss for year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences:

- except where the deferred tax liability arises from the initial recognition of goodwill;
- except where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax assets and unused tax losses can be utilised, except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

1.9 Investments in subsidiaries

All investments are initially recorded at their cost. Subsequently they are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable.

PAGEONE COMMUNICATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

1.10 Financial instruments

(i) Classification

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss); and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

(ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date (that is, the date on which the Company commits to purchase or sell the asset). Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

(iii) Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the income statement as applicable.

(iv) Impairment

The Company assesses, on a forward-looking basis, the expected credit losses associated with its debt instruments carried at amortised cost and fair value through other comprehensive income (FVOCI). The impairment methodology applied depends on whether there has been a significant increase in credit risk.

Trade and other receivables - Trade receivables are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when identified.

Trade and other payables - Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Cash - Cash in the balance sheet comprise cash at bank and in hand. Bank overdrafts are shown under financial liabilities.

Interest-bearing loans and borrowings - All loans and borrowings are initially recognised at their fair value less any directly attributable transaction costs. After initial recognition, loans and borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method. Gains and losses are recognised in the income statement when the liabilities are derecognised, as well as through the amortisation process.

PAGEONE COMMUNICATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

1.11 Impairment of non-financial assets

At each reporting date, the Company assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Company makes a formal estimate of the asset's recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. The recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use is determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

1.12 Intangibles

Intangibles are valued at cost less accumulated amortisation. Amortisation is calculated to write off the cost in equal annual instalments over their estimated useful life, which is typically 5 years. In the case of capitalised software development costs, research expenditure is written off to the statement of profit and loss in the period in which it is incurred. Development expenditure is written off in the same way unless and until the Company is satisfied as to the technical, commercial and financial viability of individual projects. In these cases, the development expenditure is capitalised and amortised over the period during which the Company is expected to benefit.

1.13 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when recovery is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost. The Company provides, on a discounted basis, for the future rent expense and related cost of leasehold property (net of estimated sub-lease income) where the space is vacant or currently not planned to be used for ongoing operations.

1.14 Foreign exchange

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to income statement.

1.15 Group accounts

The financial statements present information about the Company as an individual undertaking and not about its group. The Company has not prepared group accounts as it is fully exempt from the requirement to do so by section 400 of the Companies Act 2006 as it is a subsidiary undertaking of Capita plc, a Company incorporated in England and Wales, and is included in the consolidated accounts of that Company.

2 Significant accounting judgements, estimates and assumptions

The preparation of financial statements in conformity with generally accepted accounting principles requires the Directors to make judgements and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingencies at the date of the financial statements and the reported income and expense during the reported periods. Although these judgements and assumptions are based on the Directors' best knowledge of the amount, events or actions, actual results may differ from these estimates.

PAGEONE COMMUNICATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

3 Revenue

	2019	Unaudited 2018
	£'000	£'000
Revenue analysed by geographical market		
United Kingdom	10,780	10,893
Europe	3	3
	<u>10,783</u>	<u>10,896</u>

4 Operating profit

	2019	Unaudited 2018
	£'000	£'000
Operating profit for the year is stated after charging:		
Net foreign exchange losses	3	3
Depreciation of property, plant and equipment	6 458	225
Amortisation of intangible assets	7 11	-
Operating lease rentals - plant and machinery	-	194
Operating lease rentals - other assets	-	1,212
Short-term lease rentals - plant and machinery	78	-
Short-term lease rentals - other assets	1,145	-

Audit fees are borne by the ultimate parent undertaking, Capita plc. The audit fee for the current period was £3,000 (2018: £nil). The Company has taken advantage of the exemption provided by regulations 6(2)(b) of The Companies (Disclosure of Auditor Remuneration and Liability Limitation Agreements) Regulations 2008 not to provide information in respect of fees for other (non-audit) services as this information is required to be given in the group accounts of the ultimate parent undertaking, which it is required to prepare in accordance with the Companies Act 2006.

5 Income tax

The major components of income tax charge/(credit) for the years ended 31 December 2019 and 2018 are:

	2019	Unaudited 2018
	£'000	£'000
Current tax		
UK corporation tax	638	159
Adjustments in respect of prior periods	437	509
	<u>1,075</u>	<u>668</u>
Deferred tax		
Origination and reversal of temporary differences	(76)	316
Adjustment in respect of prior periods	(391)	(1,098)
	<u>(467)</u>	<u>(782)</u>
Total tax charge/(credit) reported in the income statement	<u>608</u>	<u>(114)</u>

PAGEONE COMMUNICATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

5 Income tax

(Continued)

The reconciliation between tax charge/(credit) and the accounting profit multiplied by the UK corporation tax rate for the years ended 31 December 2019 and 2018 is as follows:

	2019 £'000	Unaudited 2018 £'000
Profit before tax	2,910	2,697
Profit before taxation multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	553	512
Taxation impact of factors affecting tax charge:		
Adjustments in respect of current income tax of prior periods	437	509
Adjustments in respect of deferred income tax of prior periods	(391)	(1,098)
Impact of changes in statutory tax rates	9	(37)
Total adjustment	55	(626)
Total tax charge/(credit) reported in the income statement	608	(114)

Deferred tax asset	Balance sheet		Income statement	
	2019 £'000	Unaudited 2018 £'000	2019 £'000	Unaudited 2018 £'000
Decelerated capital allowances	1,957	1,522	435	828
Other short term timing differences	60	28	32	(46)
Net deferred tax asset	2,017	1,550		
Deferred tax credit			467	782

A reduction in the UK corporation tax rate from 19% to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2016, and the UK deferred tax asset/(liability) as at 31 December 2019 has been calculated based on this rate. In the 11 March 2020 Budget it was announced that the UK tax rate will remain at the current 19% and not reduce to 17% from 1 April 2020. This will have a consequential effect on the company's future tax charge. If this rate change had been substantively enacted at the current balance sheet date the deferred tax asset would have increased by £237,297.

PAGEONE COMMUNICATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

6 Property, Plant and Equipment

	Computer equipment £'000
Cost	
At 1 January 2019 (unaudited)	1,081
Additions	514
Reclass to intangibles	(14)
Asset retirement	(278)
	<hr/>
At 31 December 2019	1,303
	<hr/>
Depreciation	
At 1 January 2019 (unaudited)	461
Charge during the year	458
Asset retirement	(278)
	<hr/>
At 31 December 2019	641
	<hr/>
Net book value	
	<hr/> <hr/>
At 31 December 2018 (unaudited)	620
	<hr/> <hr/>
At 31 December 2019	662
	<hr/> <hr/>

7 Intangible assets

	Software £'000
Cost	
At 1 January 2019 (unaudited)	147
Additions	283
Reclass from property, plant and equipment	14
	<hr/>
At 31 December 2019	444
	<hr/>
Amortisation and impairment	
At 1 January 2019 (unaudited)	-
Charge during the year	11
	<hr/>
At 31 December 2019	11
	<hr/>
Net book value	
	<hr/> <hr/>
At 31 December 2018 (unaudited)	147
	<hr/> <hr/>
At 31 December 2019	433
	<hr/> <hr/>

PAGEONE COMMUNICATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

8 Investment in subsidiaries	£'000
Cost and Net book value	
At 1 January 2019 (unaudited)	243
	<hr/>
At 31 December 2019	243
	<hr/>

Details of the Company's subsidiaries at 31 December 2019 are as follows:

Company	Registered office	Ordinary shares held (%)	Nature of business
Brentside Communications Limited	30 Berners Street, London, England, W1T 3LR.	100	Wireless telecommunications

9 Inventories	Unaudited	
	2019	2018
	£'000	£'000
Finished goods for resale	313	297
	<hr/>	<hr/>
	313	297
	<hr/>	<hr/>

10 Trade and other receivables	Unaudited	
	2019	2018
	£'000	£'000
Trade receivables	608	614
Other receivables	3	3
Accrued income	71	63
Prepayments	539	605
Amounts due from parent and fellow subsidiary undertaking	10,159	8,699
	<hr/>	<hr/>
	11,380	9,984
	<hr/>	<hr/>

11 Cash	Unaudited	
	2019	2018
	£'000	£'000
Cash at bank and in hand	46	74
	<hr/>	<hr/>
	46	74
	<hr/>	<hr/>

PAGEONE COMMUNICATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

12 Trade and other payables

Current	2019	Unaudited
	£'000	2018 £'000
Trade payables	67	65
Other taxes and social security	315	379
Accruals	375	538
Amounts due to parent and fellow subsidiary undertaking	254	571
	<u>1,011</u>	<u>1,553</u>
	<u><u>1,011</u></u>	<u><u>1,553</u></u>
Non-current	2019	Unaudited
	£'000	2018 £'000
Accruals	263	435
	<u>263</u>	<u>435</u>
	<u><u>263</u></u>	<u><u>435</u></u>

13 Deferred income

Current	2019	Unaudited
	£'000	2018 £'000
Deferred income	2,929	3,013
	<u>2,929</u>	<u>3,013</u>
	<u><u>2,929</u></u>	<u><u>3,013</u></u>
Non-current		
Deferred income	30	-
	<u>30</u>	<u>-</u>
	<u><u>30</u></u>	<u><u>-</u></u>

The deferred income balances solely relates to revenue from contracts with customers. Movements in the deferred income balances were driven by transactions entered into by the Company within the normal course of business in the year.

14 Financial liabilities

Bank overdrafts	2019	Unaudited
	£'000	2018 £'000
	74	512
	<u>74</u>	<u>512</u>
	<u><u>74</u></u>	<u><u>512</u></u>

PAGEONE COMMUNICATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

15 Provisions

	Decommissions £'000	Others £'000	Total £'000
At 1 January 2019 (unaudited)	352	-	352
Provided for during the year	2	188	190
Released during the year	(14)	-	(14)
	<u> </u>	<u> </u>	<u> </u>
At 31 December 2019	340	188	528
	<u> </u>	<u> </u>	<u> </u>

The Company has recognised provision for the future decommission costs of transmitter sites. The decommission provision is expected to be utilised as and when sites are vacated.

Other provisions represent obligations recognised for unbilled rent and rates differential for transmitter sites used by the Company under the terms of the contract.

16 Issued share capital

	2019 Numbers	Unaudited 2018 Numbers	2019 £'000	Unaudited 2018 £'000
Allotted, called up and fully paid				
Ordinary shares of £1 each				
At 1 January	50,000	50,000	50	50
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 December	50,000	50,000	50	50
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Share capital

The nominal proceeds on issue of the Company's equity share capital, comprising £1 ordinary shares .

17 Employees

The average monthly number of employees (including non-executive directors) were:

	2019 Number	Unaudited 2018 Number
Sales	7	8
Technical	16	15
Operations	20	21
	<u> </u>	<u> </u>
	43	44
	<u> </u>	<u> </u>

PAGEONE COMMUNICATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

17 Employees

(Continued)

Their aggregate remuneration comprised:

	2019	Unaudited 2018
Employee costs	£'000	£'000
Wages and salaries	2,082	2,384
Social security costs	259	299
Pension costs	259	255
	<u>2,600</u>	<u>2,938</u>

18 Directors' remuneration

The Directors remuneration, including reimbursement of expenses incurred by them, were paid by another subsidiary of Capita plc. As no significant time was spent by the Directors on the Company's affairs, no Directors' remuneration has been allocated to this Company.

19 Employee benefits

The total costs charged to income statement in respect of defined contribution plans is £259k (2018: £255k).

20 Controlling party

The Company's immediate parent undertaking is Capita Justice & Secure Services Holdings Limited, a company incorporated in the UK.

The Company's ultimate parent undertaking is Capita plc, a company incorporated in England and Wales. The accounts of Capita plc are available from the registered office at 30 Berners Street, London, England, W1T 3LR.

21 Post balance sheet event

On 11 March 2020, the World Health Organization declared the Coronavirus (COVID-19) outbreak to be a pandemic in recognition of its rapid spread across the globe, with over 150 countries now affected. Many governments are taking increasingly stringent steps to help contain or delay the spread of the virus. Currently, there is a significant increase in economic uncertainty which the Directors have assessed in considering the going concern assumption.

For the Company's 31 December 2019 financial statements, the Coronavirus outbreak and the related impacts are considered non-adjusting events. The Directors have assessed that there is no impact on the recognition and measurement of assets and liabilities as a result of this subsequent event.