Company Registration No. 05781608 (England and Wales)

OPTIMA LEGAL SERVICES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

OPTIMA LEGAL SERVICES LIMITED

COMPANY INFORMATION

Directors	C D Underwood M J Tosetti R D Tolfts
Secretary	Capita Group Secretary Limited
Company number	05781608
Registered office	Hepworth House Claypit Lane Leeds LS2 8AE
Auditor	KPMG LLP 15 Canada Square London E14 5GL
Banker	Barclays Bank PLC 1 Churchill Place London E14 5HP

OPTIMA LEGAL SERVICES LIMITED

CONTENTS

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

Optima Legal Services Limited (“the Company”) is a wholly owned subsidiary (indirectly held) of Capita plc. Capita plc along with its subsidiaries are hereafter referred to as “the Group”. The Company operates within the Group's Specialist Services division.

The principal activity of the Company continued to be that of providing legal services; including for property transactions, debt recovery and litigation services. There have not been any significant changes in the Company’s principal activities in the year under review. 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 revenue has decreased from £14,357,000 for the year ended 31 December 2018 to £13,915,000 for the year ended 31 December 2019, while operating profit has increased from £1,705,000 to £1,851,000 over the same period mainly due to lower staff costs.

The Company adopted IFRS 16 during the year which sets out the principles for the recognition, measurement, presentation and disclosure of leases. The adoption of IFRS 16 has had no impact on financial statements of the Company.

The balance sheet on page 8 of the financial statements shows the Company's financial position at the year end. Net assets have increased from £9,778,000 in 2018 to £13,124,000 in 2019 primarily due to increase in trade and other receivables. Details of amounts owed/from to its parent Company and fellow subsidiary undertakings are shown in notes 10 and 12 to the financial statements.

Key performance indicators used by Capita plc are operating margins, free cash flow, and return on capital employed. Capita plc manages its operations on a divisional basis and as a consequence, some of these indicators are monitored only at a divisional level. The performance of the Specialist Services division of Capita plc is discussed in the Group's annual report which does not form part of this report. The Strategic report in the Annual report of the Capita Group provides further detail that are available to the public and may be obtained from Capita plc’s website on http://investors.capita.com.

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 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 and regulate 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 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 doesn't part form part of this report.

Section 172 statement

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

Further details of the Group approach to each stakeholder are provided in Capita plc's section 172 statement which can be found on page 39 of Capita plc's Annual Report.

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

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C D Underwood

Director

22 September 2020

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.

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

C D Underwood
M J Tosetti
R D Tolfts

Environment

Capita plc recognises the importance of its environmental responsibilities, monitors its impact on the environment, and 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.

Political donations

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

Employees

Details of number of employees and related costs can be found in note 16 to the financial statements.

Disabled persons

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 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.

Information of matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the Group's performance.

Auditor

KPMG LLP, have indicated their willingness to continue in office and will be deemed to be reappointed as auditor under section 487(2) of the Companies Act 2006.

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

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each Director has taken all the steps that they ought to have taken as a director to make themselves 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 Directors' report.

On behalf of the Board

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C D Underwood

Director

Hepworth House, Claypit Lane, Leeds, LS2 8AE

22 September 2020

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF OPTIMA LEGAL SERVICES LIMITED

Opinion

We have audited the financial statements of Optima Legal Services Limited ("the Company") for the year ended 31 December 2019 which comprise the Income Statement, the Balance Sheet, the Statement of Changes in Equity and notes to the financial statements, including 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 profits 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 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 other information, which comprises the Strategic report and the Directors' report. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information 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 OPTIMA LEGAL SERVICES 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; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 4, the Directors are responsible for: the preparation of the financial statement 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; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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 is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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.

Simon Weaver

Simon Weaver (Senior Statutory Auditor)
for and behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
E14 5GL
London
United Kingdom

22 September 2020

OPTIMA LEGAL SERVICES LIMITED

INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 £000	2018 £000
Revenue	**3**	13,915	14,357
Cost of sales		(6,915)	(7,360)
Gross profit		**7,000**	**6,997**
Administrative expenses		(5,149)	(5,292)
Operating profit	**4**	**1,851**	**1,705**
Investment income	**5**	1,833	-
Profit before tax		**3,684**	**1,705**
Income tax (charge)/credit	**6**	(338)	1,925
Total comprehensive income for the year		**3,346**	**3,630**

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 passing through the income statement.

There are no movements in other comprehensive income during the financial year.

The notes on page 10 to 29 form an integral part of financial statements.

OPTIMA LEGAL SERVICES LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2019

	Notes	2019 £000	2018 £000
Non-current assets			
Property, plant and equipment	7	69	121
Intangible assets	8	15	17
Deferred tax	6	3,647	3,807
		3,731	**3,945**
Current assets			
Trade and other receivables	10	11,238	7,597
Cash	11	308	1,361
		11,546	**8,958**
Total assets		**15,277**	**12,903**
Current liabilities			
Trade and other payables	12	1,172	2,424
Provisions	13	703	-
Income tax payable		278	100
		2,153	**2,524**
Non-current liabilities			
Provisions	13	-	601
Total liabilities		**2,153**	**3,125**
Net assets		**13,124**	**9,778**
Capital and reserves			
Share capital	14	-	-
Share premium		21,020	21,020
Retained deficit		(7,896)	(11,242)
Total equity		**13,124**	**9,778**

The notes on pages 10 to 29 form an integral part of these financial statements.

Approved by Board and authorised for issue on 22 September 2020.

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C D Underwood

Director

Company Registration No.05781608

OPTIMA LEGAL SERVICES LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2019

	Share capital £000	**Share premium £000**	**Retained deficit £000**	**Total equity £000**
At 1 January 2018	-	21,020	(14,872)	6,148
Total comprehensive income for the year	-	-	3,630	3,630
Contribution in respect of share based payment charge	-	-	14	14
Settlement of share-based payment charged by intercompany	-	-	(14)	(14)
At 31 December 2018	**-**	**21,020**	**(11,242)**	**9,778**
Total comprehensive income for the year	-	-	3,346	3,346
Contribution in respect of share based payment charge	-	-	24	24
Settlement of share based payment charged by intercompany	-	-	(24)	(24)
At 31 December 2019	**-**	**21,020**	**(7,896)**	**13,124**

Share capital
The nominal proceeds on issue of the Company's equity share capital, comprising 66 ordinary shares of £1 each.

Share premium
The amount paid to the Company by shareholders, in cash or other consideration, over and above the nominal value of shares issued to them.

Retained deficit
Pertains to accumulated losses in the Company.

The notes on pages 10 to 29 form an integral part of these financial statements

1 Accounting policies

1.1 Basis of preparation

Optima Legal Services 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 and in accordance with applicable accounting standards.

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 considered the potential impact of the COVID-19 outbreak on the Company's results assuming the COVID-19 outbreak continues for approximately six months with an extended impact due to continued social distancing measures throughout 2021 resulting in a slower upturn in revenues. The Directors furthered considered the benefits of the Government Job Retention Scheme, VAT payment deferral measures and various cost saving initiatives such as Directors' salaries sacrifices, overhead costs reduction and deferment of capital expenditure, all of which mitigated the Company revenue loss. The Directors are confident that the Company will have enough resources to enable it to settle its liabilities as they fall due.

The Company has been significantly impacted by COVID-19. Revenue in 2020 is expected to fall by £2.7m and EBI T DA is expected to fall by £3m year-on-year primarily due to significantly reduced client instruction levels. 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. The Directors estimate that the underlying market for the services will return to pre COVID-19 levels by Q4 2020 given that the Company has managed to gain new re-mortgage business starting from H2 2020. The increase in new revenue is partially offset by closure of litigation department. 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.

In preparing this analysis the following key assumptions were used:

- reduced remortgage client instruction levels with bank lender clients forecasting recovery expected in Q4 2020;
- closure of litigation department due to reduced market repossession activity;
- reduction of property cost, IT cost and other indirect cost to be completed in 2020 in response to Covid-19; and
- no further Government financial support beyond what has already been confirmed.

The bottom-up forecasts have been subject to review and challenge by management and the Directors. The Director 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.

1 Accounting policies **(Continued)**

1 Basis of preparation (continued)

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 operate;
- participation in the Group's notional cash pooling arrangements, of which £10,000 was advanced by the Company as at 31 August 2020. In the event of a default by the Group, the Company may not be able to access this facility;
- recovery of receivables of £8,083,477 from fellow Group undertakings as of 31 August 2020. If these receivables are not able to be recovered when forecast by the Company, then the Company may have difficulty in continuing to operate;
- revenue from other Group entities or key contracts, which amounted to 35.5% of total revenue for the year 2019, may be terminated in the event of a default by the Group; and
- additional funding that may be required if the Company suffers potential/continuing future losses.

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.

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 their liabilities as they fall due over the period to 31 December 2021.

1 Accounting policies **(Continued)**

1 Basis of preparation (continued)

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.

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 ("Adopted IFRSs"), but made amendments, where necessary, in order 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 International Financial Reporting Standards as adopted by the EU (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;
- Certain disclosures as required by IFRS 15;
- Certain disclosures as required by IFRS 16; and
- Disclosures in respect of the compensation of key management personnel.

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*.

1 Accounting policies **(Continued)**

1.3 Changes in accounting policies

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 Company has measured the right-of-use assets at the value of lease liability. 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 the above changes has had no 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 the 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 Accounting policies **(Continued)**

1.4 Revenue recognition

Revenue is earned within the United Kingdom.

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.

In determining the amount of revenue and profits to record, and related balance sheet items (such as contract fulfilment assets, capitalisation of costs to obtain a contract, trade receivables, accrued income and deferred income) to recognise in the period, management is required to form a number of key judgements and assumptions. This includes an assessment of the costs the Company incurs to deliver the contractual commitments and whether such costs should be expensed as incurred or capitalised. These judgements are inherently subjective and may cover future events such as the achievement of contractual milestones, performance KPIs and planned cost savings. In addition, for certain contracts, key assumptions are made concerning contract extensions and amendments, as well as opportunities to use the contract developed systems and technologies on other similar projects.

Revenue is recognised either when the performance obligation in the contract has been performed (so 'point in time' recognition) or 'over time' as control of the performance obligation is transferred to the customer.

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.

For each performance obligation, the Company determines if revenue will be recognised over time or at a point in time. Where the Company recognises revenue over time for long term contracts, this is in general due to the Company performing and the customer simultaneously receiving and consuming the benefits provided over the life of the contract.

For each performance obligation to be recognised over time, the Company applies a revenue recognition method that faithfully depicts the Company’s performance in transferring control of the goods or services to the customer. This decision requires assessment of the real nature of the goods or services that the Company has promised to transfer to the customer. The Company applies the relevant output or input method consistently to similar performance obligations in other contracts.

1 Accounting policies **(Continued)**

1.4 Revenue recognition (continued)

If performance obligations in a contract do not meet the overtime criteria, the Company recognises revenue at a point in time (see below for further details).

The Company disaggregates revenue from contracts with customers by contract type, as management believe this best depicts how the nature, amount, timing and uncertainty of the Company's revenue and cash flows are affected by economic factors. Categories are: 'long-term contractual – greater than two years'; and 'short-term contractual – less than two years'. Years based from service commencement date.

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.

1 Accounting policies **(Continued)**

1.4 Revenue recognition (continued)

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.

Contract related assets and liabilities

As a result of the contracts which the Company enters into with its customers, a number of different assets and liabilities are recognised on the Company's balance sheet. These include but are not limited to:

- Property, plant and equipment
- Intangible assets
- Contract fulfilment assets
- Contract assets derived from costs to obtain a contract
- Trade receivables
- Accrued income
- Deferred income

Contract fulfilment assets

Contract fulfilment costs are divided into (i) costs that give rise to an asset; and (ii) costs that are expensed as incurred.

When determining the appropriate accounting treatment for such costs, the Company firstly considers any other applicable standards. If those other standards preclude capitalisation of a particular cost, then an asset is not recognised under IFRS 15.

If other standards are not applicable to contract fulfilment costs, the Company applies the following criteria which, if met, result in capitalisation:

- the costs directly relate to a contract or to a specifically identifiable anticipated contract;
- the costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
- the costs are expected to be recovered.

The assessment of this criteria requires the application of judgement, in particular when considering if costs generate or enhance resources to be used to satisfy future performance obligations and whether costs are expected to be recoverable.

The Company has determined that, where the relevant specific criteria are met, the costs are likely to qualify to be capitalised as contract fulfilment assets.

1 Accounting policies **(Continued)**

1.4 Revenue recognition (continued)

Capitalisation of costs to obtain a contract

The incremental costs of obtaining a contract with a customer are recognised as an asset if the Company expects to recover them. The Company incurs costs such as bid costs, legal fees to draft a contract and sales commissions when it enters into a new contract.

Judgement is applied by the Company when determining what costs qualify to be capitalised in particular when considering whether these costs are incremental and whether these are expected to be recoverable. For example, the Company considers which type of sales commissions are incremental to the cost of obtaining specific contracts and the point in time when the costs will be capitalised.

The Company has determined that the following costs may be capitalised as contract assets (i) legal fees to draft a contract (once the Company has been selected as a preferred supplier for a bid); and (ii) sales commissions that are directly related to winning a specific contract. Costs incurred prior to selection as preferred supplier are not capitalised but are expensed as incurred.

Utilisation, derecognition and impairment of contract fulfilment assets and capitalised costs to obtain a contract

The Company utilises contract fulfilment assets and capitalised costs to obtain a contract to cost of sales over the expected contract period using a systematic basis that mirrors the pattern in which the Company transfers control of the service to the customer. The utilisation charge is included within cost of sales. Judgement is applied to determine this period, for example whether this expected period would be the contract term or a longer period such as the estimated life of the customer relationship for a particular contract if, say, renewals are expected.

A contract fulfilment asset or capitalised costs to obtain a contract is derecognised either when it is disposed of or when no further economic benefits are expected to flow from its use or disposal.

Management is required to determine the recoverability of contract related assets within property, plant and equipment, intangible assets as well as contract fulfilment assets, capitalised costs to obtain a contract, accrued income and trade receivables. At each reporting date, the Company determines whether or not the contract fulfilment assets and capitalised costs to obtain a contract are impaired by comparing the carrying amount of the asset to the remaining amount of consideration that the Company expects to receive less the costs that relate to providing services under the relevant contract. In determining the estimated amount of consideration, the Company uses the same principles as it does to determine the contract transaction price, except that any constraints used to reduce the transaction price will be removed for the impairment test.

Where the relevant contracts or specific performance obligations are demonstrating marginal profitability or other indicators of impairment, judgement is required in ascertaining whether or not the future economic benefits from these contracts are sufficient to recover these assets. In performing this impairment assessment, management is required to make an assessment of the costs to complete the contract.

1 Accounting policies **(Continued)**

1.4 Revenue recognition (continued)

The ability to accurately forecast such costs involves estimates around cost savings to be achieved over time, anticipated profitability of the contract, as well as future performance against any contract-specific KPIs that could trigger variable consideration, or service credits.

Where a contract is anticipated to make a loss, these judgements are also relevant in determining whether or not an onerous contract provision is required and how this is to be measured.

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.

At each reporting date, the Company assesses whether there is any indication that accrued income assets may be impaired by considering whether the revenue remains highly probable that no revenue reversal will occur. 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.

1.5 Intangible assets

Intangible assets 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 income statement in the period in which it is incurred.

1.6 Property, plant and equipment

Property, plant and equipment are initially 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 :

Leasehold improvements	Over the period of lease
Fixtures and fittings	3- 5 years straight line
Plant and equipment	3 years straight line

1.7 Investments

Investments in subsidiaries are stated at cost less provision for diminution in value.

1.8 Pensions

The Company participates in a number of defined contribution schemes and contributions are charged to the income statement account 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.

1 Accounting policies **(Continued)**

1.9 Income Tax

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 Accounting policies **(Continued)**

1.10 Share-based payments

The Company participates in various share option and sharesave schemes operated by Capita plc, the ultimate parent undertaking. Details of these schemes are contained in the Group's annual report.

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted and is recognised as an expense over the vesting period, which ends on the date on which the relevant employees become fully entitled to the award. Fair value is determined using an option pricing model. In valuing equity-settled transactions, no account is taken of any vesting conditions, other than conditions linked to the price of the shares of the Company (market conditions).

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

At each balance sheet date before vesting, the cumulative expense is calculated, representing the extent to which the vesting period has expired and management's best estimate of the achievement or otherwise of non-market conditions, the number of equity instruments that will ultimately vest or in the case of an instrument subject to a market condition, be treated as vesting as described above.

The movement in cumulative expense, attributable to the Company, since the previous balance sheet date is recognised in the income statement and settled with Capita plc, the ultimate parent undertaking.

In accordance with IFRS 2, share option awards of the ultimate parent Company’s equity instruments in respect of settling grants to employees of the Company are disclosed as a charge to the profit and loss account and a credit to equity. The Company’s policy is to reimburse its ultimate parent Company through the intercompany account for charges that are made to it. Hence the credit to equity has been eliminated, rather reflecting a credit to inter-Company which better describes the underlying nature of the transaction.

1 Accounting policies **(Continued)**

1.11 Financial instruments

Investments and other financial assets

(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.

Amortised cost: Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the statement of profit or loss.

FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses), and impairment expenses are presented as a separate line item in the statement of profit or loss.

FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

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

1 Accounting policies **(Continued)**

1.11 Financial instruments(continued)

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

For trade receivables, the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Trade and other receivables
The Company applies the simplified approach permitted by IFRS 9, resulting in trade receivables recognised and carried at original invoice amount less an allowance for any uncollectible amounts based on expected credit losses.

The Company assesses on a forward-looking basis the expected credit losses associated with its receivables carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

Cash and cash equivalents
Cash and short-term deposits in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of 3 months or less. Bank overdrafts are shown within current financial liabilities.

1.12 Impairment of non-financial assets

At each reporting end date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

1.13 Provisions

Provisions are recognised when the Company has a legal or constructive present obligation as a result of a past event and it is probable that the Company will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

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.

The key sources of estimation uncertainty that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are the measurement of provisions. The Company makes use of estimates to determine revenue in respect of percentage completion.

3 Revenue

The total revenue of the Company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

4 Operating profit for the year

	2019	2018
	£000	£000
Operating profit for the year is stated after crediting:		
Depreciation of property, plant and equipment	56	58
Amortisation of intangible assets	8	7
Operating lease rentals - plant and machinery	13	22
Operating lease rentals - other assets	-	164

Audit fees are borne by the ultimate parent undertaking, Capita plc. The audit fee for the current year was £12,978 (2018: £12,900). 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 Company accounts of the ultimate parent undertaking, which it is required to prepare in accordance with the Companies Act 2006.

5 Investment income

	2019	2018
	£000	£000
Income from shares in group undertakings	1,833	-
	1,833	**-**

Income from shares represents dividend in specie received from Cost Advocates Limited , a wholly owned subsidiary which was fully disposed of on 30th October 2019.

6 Income Tax

The major components of income tax expense for the years ended 31 December 2019 and 2018 are:

	2019 £000	2018 £000
Current income tax		
UK corporation tax	279	101
Adjustments in respect of prior periods	(101)	(166)
	178	**(65)**
Deferred income tax		
Origination and reversal of temporary differences	71	(1,912)
Adjustment in respect of prior periods	89	52
	160	**(1,860)**
Total tax charge/ (credit) reported in the income statement	**338**	**(1,925)**

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	2018 £000
Profit before tax	3,684	1,705
Profit before taxation multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	700	324
Effects of -		
Adjustments in respect of current income tax of prior periods	(101)	(166)
Adjustments in respect of deferred tax of prior periods	90	52
Expenses not deductible for tax purposes	5	5
Non-taxable income	(348)	-
Recognition of brought forward losses previously unrecognised	-	(2,365)
Impact of changes in statutory tax rates	(8)	225
	(362)	**(2,249)**
Total tax charge/(credit) reported in the income statement	**338**	**(1,925)**

6 Income Tax **(Continued)**

	Balance sheet		Income statement	
	2019	**2018**	**2019**	**2018**
	£000	**£000**	**£000**	**£000**
Deferred tax assets				
(Decelerated)/accelerated capital allowances	(1,160)	(1,186)	26	75
Tax Losses	(2,484)	(2,621)	137	(1,935)
Other short term timing differences	(3)	-	(3)	-
Net deferred tax asset	**(3,647)**	**(3,807)**		
Deferred income tax expense/(credit)			**160**	**(1,860)**

Deferred tax

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. On 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 £429,007.

7 Property, plant and equipment

	Leasehold improvements	Furniture, fittings & Equipments	Plant and equipment	Total
	£000	**£000**	**£000**	**£000**
Cost				
At 1 January 2019	**183**	**6**	**134**	**323**
Additions	-	-	4	4
Disposals	-	-	-	-
Asset retirement	(183)	-	-	(183)
At 31 December 2019	**-**	**6**	**138**	**144**
Depreciation and impairment				
At 1 January 2019	**176**	**5**	**21**	**202**
Disposals	-	-	-	-
Depreciation	7	1	48	56
Asset retirement	(183)	-	-	(183)
At 31 December 2019	**-**	**6**	**69**	**75**
Net book value				
At 31 December 2019	**-**	**-**	**69**	**69**
At 31 December 2018	**7**	**1**	**113**	**121**

8 Intangible assets

	Software
	£000
Cost	
At 1 January 2019	62
Additions	6
Disposals	-
At 31 December 2019	**68**
Amortisation and impairment	
At 1 January 2019	45
Amortisation	8
Disposals	-
Impairment	-
At 31 December 2019	**53**
Net book value	
At 31 December 2019	**15**
At 31 December 2018	**17**

9 Investment in subsidiaries

On 30 October 2019, the Company sold 100% of the ordinary share capital of Cost Advocates Limited. The cost of investments was £1 in 2018.

10 Trade and other receivables

Current	**2019**	**2018**
	£000	**£000**
Trade receivables	1,066	1,104
Other receivables	352	200
Prepayments and accrued income	316	340
Contract fulfilment assets	448	388
Amounts due from parent and fellow subsidiary undertaking	9,056	5,565
	11,238	**7,597**

11 Cash

	2019 £000	2018 £000
Cash at bank and in hand	308	1,361
	308	**1,361**

12 Trade and other payables

Current	2019 £000	2018 £000
Trade payables	322	497
Other taxes and social security	512	523
Accruals	142	304
Amounts due to parent and fellow subsidiary undertaking	196	1,100
	1,172	**2,424**

13 Provisions

Non- Current	Other provisions £000
As at 1 January 2019	601
Reclassed from non-current to current	(601)
As at 31 December 2019	**-**

Current	Other provisions £000
As at 1 January 2019	-
Reclassed from non-current to current	601
Additions	372
Utilisation	(270)
At 31 December 2019	**703**

Other provisions include amounts in relation to professional indemnity and VAT claims.

14 Issued share capital

	2019 £000	2018 £000	2019 Numbers	2018 Numbers
Allotted, called up and fully paid				
66 ordinary shares of £1 each				
At 1 January	-	-	66	66
At 31 December	**-**	**-**	**66**	**66**

Share capital
The nominal proceeds on issue of the Company's equity share capital, comprising of 66 ordinary shares of £1 each.

15 Employees

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

	2019 Number	2018 Number
Sales	5	5
Operations	259	282
Administration	47	51
	311	**338**

Their aggregate remuneration comprised:

Employment costs	2019 £000	2018 £000
Wages and salaries	7,113	7,689
Social security costs	667	684
Pension costs	374	285
Share based payments	24	14
	8,178	**8,672**

16 Pensions and other post-retirement benefit commitments

The pension charge for the defined contribution pension schemes for the year is £374k (2018: £285k)

17 Directors' remuneration

	2019 £000	2018 £000
Remuneration for qualifying services	294	355
Company pension contributions to defined contribution schemes	19	15
	313	**370**

	2019 £000	2018 £000
Remuneration disclosed above include the following amounts paid to the highest paid director:		
Remuneration for qualifying services	195	228
Pension contributions to defined contribution schemes	16	13
	211	**241**

2 Directors were paid by the Company (2018: 2). The other Directors have not provided qualifying services to the Company and are paid by other companies within the Capita Group. Such remuneration has not been allocated to the Company. In addition to the above, the Directors of the Company were reimbursed for the expenses incurred by them whilst performing business responsibilities.

18 Controlling party

The Company's immediate parent undertaking is Capita Legal Services Limited, a Company incorporated in England and Wales.

The Company's ultimate parent undertaking of 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, United Kingdom, W1T 3LR.

19 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.