Company Registration No. 03798877 (England and Wales)

G L HEARN LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

G L HEARN LIMITED

COMPANY INFORMATION

Directors	B Wilson	(Appointed 15 April 2019)
	S N Taylor on behalf of Capita Corporate Director Limited	(Appointed 14 June 2019)
	S Barnard	(Appointed 14 January 2020)
	R Williamson	(Appointed 14 January 2020)
Secretary	Capita Group Secretary Limited	
Company number	03798877	
Registered office	65 Gresham Street London EC2V 7NQ	
Auditor	KPMG LLP 15 Canada Square London E14 5GL	

G L HEARN LIMITED

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G L HEARN 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

G L Hearn 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 is that of the provision of property and planning advisory services from offices in London, Manchester, Bristol, Glasgow, Sunderland, Cheltenham and Southampton. 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 has reported a turnover of £26,818,504 for the year ended 31 December 2019 (2018: £34,302,578) and operating profit of £1,161,940 for the year ended 31 December 2019 (2018 : £3,336,638). The reduction in turnover is mainly attributable to high attrition in the consultancy team of the Company- where these staff are specialised there was a timing delay between exit and identifying, recruiting and mobilizing replacement specialist consultancy staff resulting in lost revenue and contract attrition.

The balance sheet on page 8 and 9 of the financial statements shows the Company's financial position at the year end. Net assets of the Company are £22,371,813 for the year ended 31 December 2019 (2018 : £21,459,404). Details of amounts owed by/to its parent Company and fellow subsidiary undertakings are shown in notes 10 and 11 to the financial statements.

Key performance indicators used by Capita plc are operating margins, free cash flow, capital expenditure and return on capital employed. Capita plc and its subsidiaries manage their 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.

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 and
- *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 and
- 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 does not form part of this report.

Section 172 Statement

The Company forms part of the Specialist 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*
Clients and customers	Regulated by RICS	Working consistently with Group strategy and communications	Client Feedback conforms to the BMS System and ISO accreditations.	Collaborative working with clients to meet contractual KPI's
Society	Environmental participation in Green Spaces and Parks	Greener Parks for London co-published with Parks for London Registered Charity 1156063	Annual Report across all 33 London Boroughs	Continued participation for 2020
Our People	Workforce engagement; Organisational culture; Employee net promoter score	Staff Forum	Structured monthly Director & staff engagement	Staff board sponsored Performance Group

* 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

25 September 2020

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

The Directors present their Director's 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 interim or final dividend was 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:

K Dunn	(Resigned 31 March 2019)
T L G Trevorrow	(Resigned 14 January 2020)
B Wilson	(Appointed 15 April 2019)
S N Taylor on behalf of Capita Corporate Director Limited	(Appointed 14 June 2019)
D Mclaughlin	(Resigned 24 April 2019)
S Barnard	(Appointed 14 January 2020)
R Williamson	(Appointed 14 January 2020)

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

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'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.

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.

The Company participates in the Group’s equity-settled employee share scheme operated by Capita plc, the ultimate parent undertaking. Details of the scheme are contained in the Group’s annual report for 2019.

Details of number of employees and related costs can be found in note 21 to the financial statements.

Auditor
KPMG LLP, having indicated its willingness to continue in office, 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, Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with 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 Directors' report.

On behalf of the Board

S N Taylor on behalf of Capita Corporate Director Limited

Director

25 September 2020

G L HEARN LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF G L HEARN LIMITED

We have audited the financial statements of G L Hearn 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 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 FRS101 *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.

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.

Directors' responsibilities

As explained more fully in their statement set out on page 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 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 on behalf of KPMG LLP, Statutory Auditors
Chartered Accountants
15 Canada Square
London
E14 5GL
25 September 2020

G L HEARN LIMITED

INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 £	2018 £
Revenue	**3**	26,818,504	34,302,578
Cost of sales		(18,958,745)	(21,565,768)
Gross profit		**7,859,759**	**12,736,810**
Administrative expenses		(6,697,819)	(9,400,172)
Operating profit	**4**	**1,161,940**	**3,336,638**
Finance cost	**5**	(202)	-
Profit before tax		**1,161,738**	**3,336,638**
Income tax charge	**6**	(249,329)	(680,558)
Total comprehensive income for the year		**912,409**	**2,656,080**

The accompanying notes on pages 11 to 30 form an integral part of these financial statements.

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

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

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

G L HEARN LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2019

	Notes	2019 £	2018 £
Non-current assets			
Property, plant and equipment	**7**	44,657	123,890
Intangible assets	**8**	975,654	975,654
Investments in subsidiary	**9**	3,816	3,816
Deferred tax	**6**	297,215	189,630
Total non-current assets		**1,321,342**	**1,292,990**
Current assets			
Trade and other receivables	**10**	26,527,660	28,926,454
Total current assets		**26,527,660**	**28,926,454**
Total assets		**27,849,002**	**30,219,444**
Current liabilities			
Trade and other payables	**11**	3,144,854	4,756,131
Deferred income	**12**	83,220	244,199
Financial liabilities	**13**	1,178,923	1,934,954
Provisions	**14**	86,553	566,236
Income tax payable		923,865	1,188,735
Total current liabilities		**5,417,415**	**8,690,255**
Non-current liabilities			
Trade and other payables	**11**	59,774	69,785
Total non-current liabilities		**59,774**	**69,785**
Total liabilities		**5,477,189**	**8,760,040**
Net assets		**22,371,813**	**21,459,404**

G L HEARN LIMITED

BALANCE SHEET (CONTINUED)

AS AT 31 DECEMBER 2019

	Notes	2019 £	2018 £
Capital and reserves			
Issued share capital	**15**	1,036,866	1,036,866
Share premium		2,634,250	2,634,250
Other reserves		41,000	41,000
Retained earnings		18,659,697	17,747,288
Total equity		**22,371,813**	**21,459,404**

The notes on pages 11 to 30 form an integral part of these financial statements.

Approved by Board and authorised for issue on 25 September 2020

S N Taylor on behalf of Capita Corporate Director Limited
Director

Company Registration No. 03798877

G L HEARN LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2019

	Called up share capital	Share premium account	Retained earnings	Other reserves	Total equity
	£	£	£	£	£
At 1 January 2018	1,036,866	2,634,250	15,297,565	(165,357)	18,803,324
Total comprehensive income for the year	-	-	2,656,080	-	2,656,080
Transferred to retained earnings	-	-	(206,357)	206,357	-
At 31 December 2018	**1,036,866**	**2,634,250**	**17,747,288**	**41,000**	**21,459,404**
Total comprehensive income for the year	-	-	912,409	-	912,409
At 31 December 2019	**1,036,866**	**2,634,250**	**18,659,697**	**41,000**	**22,371,813**

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

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

Retained earnings
Retained earnings represents the accumulated profits of the Company.

Other reserves
Other reserves constitutes the 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 shares redeemed.

The accompanying notes on pages 11 to 30 form an integral part of these financial statements.

1 Accounting policies

Company information

G L Hearn Limited is a company incorporated and domiciled in England and Wales. The registered office is .

1.1 Basis of preparation

G L Hearn 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 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 certain services, such as administrative 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 £3,114,792 was held at 31 August 2020. In the event of a default by the Group, the Company may not be able to access its cash balance within the pooling arrangement; and
- recovery of receivables of £17,383,885 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 trade.

1 Accounting policies **(Continued)**

1.1 Basis of preparation (continued)

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.

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 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 - IFRS"), 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 items:

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

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 items:

- 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 Change in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except for the adoption of IFRS 16 Leases.

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 has been recognised which is equal to lease liabilities representing its obligation to make lease payments. 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 policy on IFRS 16 is set out in Note 1.7

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 wholly 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, trade receivables, accrued income and deferred income) to recognise in the period, management is required to form a number of key judgements and assumptions.

These judgements are inherently subjective and may cover future events such as the achievement of contractual milestones, performance KPIs and planned cost savings.

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.

For all contracts and 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 frequently 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.

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 services to the customer.

Transactional (Point in time) contracts
The Company delivers a range of transactional services for which revenue is recognised at the point in time when control of the service has transferred to the customer. This is considered to be when the customer obtains control of an asset or service in a contract with customer specified acceptance criteria.

Long-term contracts
In respect of long-term contracts and contracts for on-going services, revenue represents the value of work done in the year, including estimates of amounts not invoiced. Revenue in respect of long-term contracts and contracts for on-going services is recognised by reference to the stage of completion based on the achievement of performance obligations specified within the contract.

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 prospectively as an additional separate contract.

1 Accounting policies **(Continued)**

1.4 Revenue recognition (continued)

Principal versus agent
The Company has arrangements with some of its customers whereby it needs to determine if it acts as a principal or an agent as more than one party is involved in providing the services to the customer. The Company acts as a principal if it controls a promised service before transferring that service to the customer. The Company is an agent if its role is to arrange for another entity to provide the services. Factors considered in making this assessment are most notably the discretion the Company has in establishing the price for the specified service and whether the Company is primarily responsible for fulfilling the promise to deliver the service.

Where the Company is acting as a principal, revenue is recorded on a gross basis. Where the Company is acting as an agent revenue is recorded at a net amount reflecting the margin earned.

Deferred and accrued income
The Company's customer contracts include a range of payment schedules dependent upon the nature and type of services being provided. The Company often agrees payment schedules at the inception of long term contracts under which it receives payments throughout the term of the contracts. These payment schedules may include performance-based payments or progress payments as well as regular monthly or quarterly payments for ongoing service delivery.

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 asset for this difference.

1.5 Goodwill

Goodwill is stated at cost less any accumulated impairment losses. It is not amortised but is tested annually for impairment. This is not in accordance with The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 which requires that all goodwill be amortised. The Directors consider that this would fail to give a true and fair view of the profit for the year and that the economic measure of performance in any period is properly made by reference only to any impairment that may have arisen. It is not practicable to quantify the effect on the financial statements of this departure.

1.6 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:

Leasehold improvements	over the period of the lease
Fixtures, fittings and equipment	4 - 5 years
Computer equipment	3 - 5 years

1 Accounting policies **(Continued)**

1.7 Leasing

The Company leases various assets, comprising land and buildings.

The determination whether an arrangement is, or contains, a lease is based on whether the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. The following sets out the Company's lease accounting policy for all leases with the exception of leases with low value and term of 12 months or less which we have taken the exemption in the standard. These are expensed to the income statement.

At the inception of the lease, the Company recognises a right-of-use asset and a lease liability. A right-of-use asset is capitalised in the balance sheet at cost, which comprises the present value of minimum lease payments determined at the inception of the lease. A lease liability of equivalent value is also recognised. Right-of-use assets are depreciated using the straight-line method over the shorter of estimated life or the lease term. Depreciation is included within the line item administrative expenses in the income statement.

The Company has made judgements in adopting IFRS 16 such as; determining contracts in scope for IFRS 16, determining the interest rate used for discounting of future cash flows, and the lease term.

The Company as a lessee - Right-of-use assets and lease liabilities

Right-of-use assets are measured at cost, which comprised the initial amount of the lease liability adjusted for any lease payments made at or before the adoption date, less any lease incentives received at or before the adoption date and less any onerous lease provisions (reclassified on the opening balance sheet).Depreciation is included within administrative expenses in the income statement. Right-of-use assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be fully recoverable. Right-of-uses assets exclude leases with a low value and term of 12 months or less. These leases are expensed to the income statement as incurred.

Lease liabilities are measured at amortised cost using the effective interest rate method. Lease payments are apportioned between a finance charge and a reduction of the lease liability based on the constant interest rate applied to the remaining balance of the liability. Interest expense is included within the line item net finance costs in the consolidated income statement.

The lease payments comprise fixed payments, including in-substance fixed payments such as service charges and variable lease payments that depend on an index or a rate, initially measured using the minimum index or rate at inception date. The payments also include any lease incentives and any penalty payments for terminating the lease, if the lease term reflects the lessee exercising that option. Lease liability is adjusted for any prepayment

The lease term determined comprises the non-cancellable period of the lease contract. Periods covered by an option to extend the lease are included if the Company has reasonable certainty that the option will be exercised and periods covered by the option to terminate are included if it is reasonably certain that this will not be exercised.

The lease liability is subsequently remeasured (with a corresponding adjustment to the related right-of-use asset) when there is a change in future lease payments due to a renegotiation or market rent review, a change of an index or rate or a reassessment of the lease term. Payments associated with leases that have a term of less than 12 months or are of low value are recognised as an expense in the income statement as incurred.

1 Accounting policies **(Continued)**

1.8 Investment 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.

1.9 Pensions

The Company participates in a number of defined contribution schemes and contributions are charged to the profit and loss 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 of Capita plc, which pays the group liability centrally. Any unpaid pension contributions at the year end have accrued in the accounts of that Company.

1.10 Financial instruments

Investments and other financial assets

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 Company reclassifies debt investments when and only when its business model for managing those assets changes.

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.

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.

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.

1 Accounting policies **(Continued)**

1.10 Financial instruments (continued)

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.

Trade and other receivables
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. For trade 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.

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.

1.11 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 Provisions

A provision is recognised when the Company has a present legal or constructive obligation as a result of a past event that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

1 Accounting policies **(Continued)**

1.13 Taxation

Tax on the profit or loss for the 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, in which case it is 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 income tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases and liabilities and their carrying amounts for financial reporting purposes.

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

Deferred income 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.

1.14 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. The results of overseas operations are translated at average rates of exchange. All differences are taken to the profit and loss account.

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.

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 and impairment of goodwill and provisions. The Company determines whether goodwill is impaired on an annual basis and thus requires an estimation of the value in use of the cash-generating units to which the intangible assets are allocated. This involves estimation of future cash flows and choosing a suitable discount rate. The measurement of provisions reflects management's assessment of the probable outflow of economic benefits resulting from an existing obligation. Provisions are calculated on a case by case basis and involve judgement as regards the final timing and quantum of any financial outlay.

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

		2019	**2018**
		£	**£**
Operating profit for the year is stated after charging:			
Net foreign exchange losses		791	300
Depreciation on property, plant and equipment	7	45,187	198,759
Depreciation on right of use asset	16	52,569	-
Loss on disposal of property, plant and equipment		34,045	-
Operating lease rentals - plant and machinery		24,438	27,692
Operating lease rentals - other assets		27,819	372,582

Audit fees are borne by the ultimate parent undertaking, Capita plc. The audit fee for the current period was £8,446 (2018: £8,400). 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 Finance cost

	2019	**2018**
	£	**£**
Interest expense on lease liability	202	-
	202	**-**

6 Income tax

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

	2019	2018
	£	£
Current income tax		
UK corporation tax	233,166	566,951
Adjustments in respect of prior periods	123,748	34,411
	356,914	**601,362**
Deferred income tax		
Origination and reversal of temporary differences	4,739	84,079
Adjustment in respect of prior periods	(112,324)	(4,883)
	(107,585)	**79,196**
Total tax charge reported in income statement	**249,329**	**680,558**

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

	2019	2018
	£	£
Profit before taxation	1,161,738	3,336,638
Profit/(loss) before taxation multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	220,730	633,961
Taxation impact of factors affecting tax charge:		
Expenses not deductible for tax purposes	17,733	26,960
Impact of changes in statutory tax rates	(558)	(9,891)
Adjustments in respect of current income tax of prior periods	123,748	34,411
Adjustments in respect of deferred income tax of prior periods	(112,324)	(4,883)
Total tax adjustments	28,599	46,597
Total tax charge reported in income statement	**249,329**	**680,558**

6 Income tax **(Continued)**

	Balance sheet		Income statement	
	2019	2018	2019	2018
	£	£	£	£
Deferred tax assets				
Decelerated capital allowances	190,029	139,009	(51,020)	(33,105)
Other short term timing differences	107,186	50,621	(56,565)	112,301
Net deferred tax asset	**297,215**	**189,630**		
Deferred tax charge/(credit)			**(107,585)**	**79,196**

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. 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 £34,967.

7 Property, plant and equipment

	Leasehold improvements	Furniture, fixture and equipment	Computer equipment	Total
	£	£	£	£
Cost				
At 1 January 2019	680,908	72,417	16,379	769,704
Disposals	(564,908)	(72,417)	(16,379)	(653,704)
At 31 December 2019	**116,000**	**-**	**-**	**116,000**
Depreciation				
At 1 January 2019	574,235	59,712	11,867	645,814
Disposals	(537,296)	(69,342)	(13,020)	(619,658)
Charge for the year	34,404	9,630	1,153	45,187
At 31 December 2019	**71,343**	**-**	**-**	**71,343**
Net book value				
At 31 December 2018	**106,673**	**12,705**	**4,512**	**123,890**
At 31 December 2019	**44,657**	**-**	**-**	**44,657**

8 Intangible assets

	Goodwill
	£
Cost	
At 1 January 2019 and 31 December 2019	**3,391,499**
Impairment	
At 1 January 2019 and 31 December 2019	**(2,415,845)**
Net book value	
At 31 December 2018	**975,654**
At 31 December 2019	**975,654**

9 Investment in subsidiary

	Shares in subsidiary undertakings
Cost and net book value	
At 1 January 2019 and 31 December 2019	**3,816**

Details of the Company's direct subsidiary at 31 December 2019 is as follows:

Company	Country of registration or incorporation	Ordinary shares held (%)	Nature of business
G L Hearn Management Limited	United Kingdom	100	Non- Trading

Registered Office: 65 Gresham Street, London, EC2V 7NQ.

10 Trade and other receivables

Current	**2019**	**2018**
	£	**£**
Trade receivables	4,837,865	8,064,974
Accrued income	2,162,059	1,672,748
Prepayments	260,150	645,971
Amounts due from parent and fellow subsidiary undertaking	19,267,586	18,542,761
	26,527,660	**28,926,454**

11 Trade and other payables

Current	2019	2018
	£	£
Trade payables	588,000	429,739
VAT payable	985,693	1,269,328
Accruals	687,873	1,802,731
Other payables	167,463	615,001
Amounts due to parent and fellow subsidiary undertaking	715,825	639,332
	3,144,854	**4,756,131**

Non-current	2019	2018
	£	£
Other payables	59,774	-
Accruals	-	69,785
	59,774	**69,785**

12 Deferred income

	2019	2018
	£	£
Deferred income	83,220	244,199
	83,220	**244,199**

13 Financial liabilities

	2019	2018
	£	£
Current		
Bank overdraft	1,178,923	1,934,954
	1,178,923	**1,934,954**

14 Provisions

Current	**Dilapidations**	**Restructuring**	**Total**
	£	**£**	**£**
As at 1 January 2019	237,856	328,380	566,236
Released during the year	-	(256,740)	(256,740)
Utilisation	(151,303)	(71,640)	(222,943)
As at 31 December 2019	**86,553**	**-**	**86,553**

The Company is required to perform repairs on leased properties prior to the properties being vacated at the end of their lease term. Dilapidation provisions for such costs are where a legal obligation is identified and the liability can be reasonably quantified.

The restructuring provision is in respect of the cost of the major restructuring activities undertaken by the Company commencing in the last quarter of 2017. It represents the cost of reducing role count where there is a constructive obligation created through communication to affected employees which has crystallised a valid expectation that roles are at risk. The provision has been utilised and surplus has been released in 2019.

15 Issued share capital

	2019	**2018**	**2019**	**2018**
	Numbers	**Numbers**	**£**	**£**
Issued and fully paid				
Ordinary shares of £1 each				
At 1 January	1,036,866	1,036,866	1,036,866	1,036,866
At 31 December	**1,036,866**	**1,036,866**	**1,036,866**	**1,036,866**

16 Right of use assets

Net book value	**Property**
At 1 January 2019	
Adoption of IFRS 16 (Refer note 19)	52,569
Depreciation charged during the year	(52,569)
At 31 December 2019	**-**

17 Leases under IFRS 16

	2019
	£
Interest expense on lease liabilities	202
Expenses relating to short-term leases	52,257
	52,459

18 Lease liability

	2019
	£
Operating lease commitments at 31 December 2018 disclosed under IAS 17	44,996
Operating lease commitment restated for 31 December	(17,543)
Discounted using the incremental borrowing rate at 1 January 2019	(202)
Lease liabilities recognised as at 1 January 2019	**27,251**
out of which	
Current	27,251

	2019	**2018**
Maturity analysis - Contractual undiscounted cash flows	**£**	**£**
Less than one year	-	27,453
One to two years	-	-
Total undiscounted lease liabilities at 31 December	-	**27,453**

19 Reconciliation of opening balance as at 1 January 2019

The following is a reconciliation of the extract of the balance sheet line items from IAS 17 to IFRS 16 at 1 January 2019:

	Note	Carrying amount - 31 December 2018	Impact on Adoption of IFRS 16	IFRS 16 carrying amount as at 1 January 2019
		£	£	£
Assets				
Right-of-use assets	**A**	-	52,569	52,569
Trade and other receivables	B	28,926,457	(25,318)	28,901,139
Liabilities				
Lease liabilities				
Current	C	-	27,251	27,251

Note:

A) Right-of-use assets: non-current assets have been impacted due to recognition of right-of-use assets on 1 January 2019. The right-of-use assets are initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the adoption date less any lease incentives received at or before the adoption date (reclassified on the opening balance sheet).

B) Reclassification of balance sheet items: As noted above in (A), the right-of-use asset is initially measured at cost plus lease payments made at or before the adoption date (prepayments), less any lease incentives received (rent free accruals) and less onerous provisions existing at the adoption date. These balances have been reclassified to right-of-use asset on adoption.

C) Lease liabilities: Financial liabilities have been impacted due to the recognition of lease liabilities. This liability is initially measured at the present value of the lease payments that are not paid at the adoption date, discounted using the Group's incremental borrowing rate. The lease payments comprise fixed payments, including in-substance fixed payments such as service charges and variable lease payments that depend on an index or a rate, initially measured using the minimum index or rate at commencement date. The lease liabilities have been classified between current and non-current.

20 Pensions and other post-retirement benefit commitments

The total costs charged to income in respect of defined contribution plans is £1,304,584 (2018: £1,440,671).

21 Employees

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

	2019 Number	2018 Number
Sales	3	3
Operations	235	277
Administration	14	11
	252	**291**

21 Employees **(Continued)**

Their aggregate remuneration comprised:

Employee costs	2019 £	2018 £
Wages and salaries	13,417,700	16,015,763
Social security costs	1,514,013	2,011,140
Pension costs	1,304,584	1,440,671
Shared based payments (charged by intercompany)	-	3,628
	16,236,297	**19,471,202**

22 Related party transactions

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year:

Nature of Transaction	Name of Company	Year	Fellow Subsidiary
Purchase of Goods/ Services			
	Capita Glamorgan Consultancy Limited	December 31, 2019	260
		December 31, 2018	-
	Urban Vision Partnership Limited	December 31, 2019	12,934
		December 31, 2018	-
	Total		
		December 31, 2019	**13,194**
		December 31, 2018	-
Sales of Goods			
	Capita Glamorgan Consultancy Limited	December 31, 2019	-
		December 31, 2018	541
	Total		
		December 31, 2019	**-**
		December 31, 2018	**541**

Terms and conditions of transactions with related parties

All transactions were undertaken at normal market prices.

23 Directors' remuneration

	2019	2018
	£	£
Remuneration for qualifying services	135,636	387,582
Company pension contributions to defined contribution schemes	35,869	109,346
	171,505	**496,928**

Two directors were paid by the Company. The other directors have not provided qualifying services to the Company and are paid by other companies within the Group. In addition to the above, the Directors of the Company were reimbursed for the expenses incurred by them whilst performing business responsibilities.

The number of Directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2018: 3).

Remuneration disclosed above include the following amounts paid to the highest paid Director:

	2019	2018
	£	£
Remuneration for qualifying services	123,921	141,948
Company pension contributions to defined contribution schemes	11,715	51,574
	135,636	**193,522**

24 Controlling party

The Company's immediate parent undertaking is Capita Property and Infrastructure Holdings Limited, a company incorporated in England and Wales.

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 65 Gresham Street, London, EC2V 7NQ.

25 Post balance sheet events

On 1 February 2020, the Company acquired a part of the business and assets of Capita Property and Infrastructure Limited for a consideration equal to the book value of the business and assets in the account of the Company as on that date.

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 Director has 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 as non-adjusting events. The Directors have assessed that there is no material impact on the recognition and measurement of assets and liabilities due to economic uncertainty associated with COVID-19.