Company Registration No. 05122429 (England and Wales)

CAPITA TRANSLATION AND INTERPRETING LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

CAPITA TRANSLATION AND INTERPRETING LIMITED

COMPANY INFORMATION

Directors	R Fairclough	(Appointed on 8 January 2020)
	A T Delgado	
	S N Taylor on behalf of Capita Corporate Director Limited	
Secretary	Capita Group Secretary Limited	
Company number	05122429	
Registered office	30 Berners Street England W1T 3LR	
Auditor	KPMG LLP 15 Canada Square London E14 5GL	
Banker	Barclays Bank PLC 1 Churchill Place London E14 5HP	

CAPITA TRANSLATION AND INTERPRETING LIMITED

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CAPITA TRANSLATION AND INTERPRETING 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

Capita Translation and Interpreting Limited ("the Company") is a subsidiary (indirectly held) of Capita plc. Capita plc and 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 continues to be that of translation and interpreting 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 £16,778,355 in 2018 to £15,888,588 in 2019, while the operating profit has decreased from £945,888 in 2018 to £770,688 in 2019. The Company has reinstated intercompany payable balance which has been offset almost in full by dividends received from the relevant intercompany party during the period. The Company has reinstated an intercompany payable balance (refer to note 15) which has been offset almost in full by dividends in specie declared by the relevant intercompany party during the period. Refer to note 7 for further details. The Company adopted IFRS 16 during the year which sets out the principles for the recognition, measurement, presentation and disclosure of leases. The Company has applied IFRS 16 using modified retrospective approach, the effect of which is explained in note no. 5,11,16 and 27.

The balance sheet on page 8 of the financial statements shows the Company's financial position at the year end. Net liabilities have decreased from £2,965,105 in 2018 to £2,586,311 in 2019. Details of amounts owed by/to its parent Company and fellow subsidiary undertakings are shown in notes 13 and 15 to the financial statements.

Key performance indicators used by the Group 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 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.
- *Compliance:* non-compliance with laws and regulations. The Company must comply with an extensive range of requirements that govern its business.

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

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

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

CAPITA TRANSLATION AND INTERPRETING LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

Section 172 Statement

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

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

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

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

On behalf of the board

S N Taylor on behalf of Capita Corporate Director Limited
Director
Date: 18 September 2020

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

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

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

No interim or final dividend was paid or proposed 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:

R Fairclough	(Appointed on 8 January 2020)
A T Delgado	
F A Todd	(Resigned on 10 January 2020)
S N Taylor on behalf of Capita Corporate Director Limited	

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.

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

Auditor
KPMG LLP, have indicated its 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

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 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

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S N Taylor on behalf of Capita Corporate Director Limited
Director

30 Berners Street
London
England
W1T 3LR

Date: 18 September 2020

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF CAPITA TRANSLATION AND INTERPRETING LIMITED

Opinion

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

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including *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 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 pages 3-4, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor’s report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

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

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

Simon Weaver

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

Date: 18 September 2020

CAPITA TRANSLATION AND INTERPRETING LIMITED

INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 £	2018 £
Revenue	**3**	15,888,588	16,778,355
Cost of sales		(12,884,682)	(13,814,757)
Gross profit		**3,003,906**	**2,963,598**
Administrative expenses		(2,233,218)	(2,017,710)
Operating profit	**4**	**770,688**	**945,888**
Net finance income	**6**	9,230	429
Investment income	**7**	2,278,588	-
Impairment of investments	**12**	(1,198,947)	-
Intercompany write-off	**15**	(1,081,441)	-
Profit before tax		**778,118**	**946,317**
Income tax (charge)/credit	**8**	(399,324)	237,103
Total comprehensive income for the year		**378,794**	**1,183,420**

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.

The accompanying notes on pages 10 to 28 form an integral part of the financial statements.

CAPITA TRANSLATION AND INTERPRETING LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2019

	Notes	2019 £	2018 £
Non-current assets			
Property, plant and equipment	**9**	21,193	70,375
Intangible assets	**10**	2,148,630	2,148,630
Investments in subsidiaries	**12**	-	1,198,947
Deferred tax	**8**	96,790	66,720
		2,266,613	**3,484,672**
Current assets			
Trade and other receivables	**13**	3,208,050	3,133,410
Cash	**14**	2,158,804	1,002,098
		5,366,854	**4,135,508**
Total assets		**7,633,467**	**7,620,180**
Current liabilities			
Trade and other payables	**15**	8,182,080	9,709,168
Deferred income	**17**	74,044	228,670
Financial liabilities	**18**	1,571,406	544,426
Provisions	**19**	40,000	40,000
Income tax payable		352,248	63,021
Total liabilities		**10,219,778**	**10,585,285**
Net liabilities		**(2,586,311)**	**(2,965,105)**
Capital and reserves			
Issued share capital	**20**	100	100
Share premium		5,910	5,910
Capital redemption reserve		8	8
Retained deficit		(2,592,329)	(2,971,123)
Total equity		**(2,586,311)**	**(2,965,105)**

The notes on pages 10 to 28 form and integral part of financial statements.

Approved by Board and authorised for issue on 18 September 2020

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S N Taylor on behalf of Capita Corporate Director Limited
Director

Company Registration No. 05122429

CAPITA TRANSLATION AND INTERPRETING LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2019

	Share capital	Share premium	Retained deficit	Capital redemption reserve	Total equity
	£	£	£	£	£
At 1 January 2018	100	5,910	(4,154,543)	8	(4,148,525)
Total comprehensive income for the year	-	-	1,183,420	-	1,183,420
At 31 December 2018	**100**	**5,910**	**(2,971,123)**	**8**	**(2,965,105)**
Total comprehensive income for the year	-	-	378,794	-	378,794
At 31 December 2019	**100**	**5,910**	**(2,592,329)**	**8**	**(2,586,311)**

Share capital
The balance classified as share capital is the nominal proceeds on issue of the Company's equity share capital, comprising 100 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.

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

Retained deficit
The balance in retained deficit pertains to net losses accumulated in the Company.

The notes on pages 10 to 28 form an integral part of financial statements.

1 Accounting policies

1.1 Basis of preparation

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

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

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

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

- provision of administrative support services and should the Group be unable to deliver these services, the Company would have difficulty in continuing to trade;
- participation in the Group's notional cash pooling arrangements, of which £1,280,288 was overdrawn 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 £2,092,472 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; and
- additional funding that may be required if the Company suffers potential/continuing future losses.

Despite the Company being in a net liability position of £2,586,311 at 31 December 2019, the ultimate parent has undertaken to provide continuing financial support as necessary and to the extent it is able to do so.

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.

1 Accounting policies **(Continued)**

1.1 Basis of preparation

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-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 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;
- Disclosures in respect of the compensation of key management personnel; and
- Disclosures as required by IFRS 16.

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 updated policy on IFRS 16 is set out in note 1.7.

On adoption of IFRS 16, the Company immediately recognised right of use asset representing its right to use the underlying assets and lease liabilities representing its obligation to make lease payments. Refer note 27 for reconciliation of opening balances at 1 January 2019 on adoption of IFRS 16.

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

1.4 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.

Revenue is recognised when the performance obligation in the contract has been performed (so 'point in time' recognition).

Transactional (Point in time) contracts

The Company delivers a range of services that are transactional services for which revenue is recognised at the point in time when control of services has transferred to the customer. This may be at the point of acceptance by a customer or when the customer obtains control of an asset or service in a contract with customer-specified acceptance criteria. The nature of contracts or performance obligations categorised within this revenue type includes fees received in relation to delivery of professional translation and interpreting services.

1 Accounting policies **(Continued)**

1.4 Revenue recognition (continued)

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:

- Accrued income
- Deferred income

(refer below for the accounting policy applied following the adoption of IFRS 15).

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. The Company often agrees payment schedules at the inception. 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 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.

On adoption of FRS 101, the Company restated business combinations that took place between 1 January 2004 and 31 December 2010. Certain items were recognised as other intangible assets from goodwill and amortised over their expected useful life and goodwill amortisation was restated to reverse the impact of amortisation over that period. The Company, therefore, restated its opening balance in 2012 to reflect the position had IFRS 3 'Business Combinations' been in effect since 1 January 2004. This is in accordance with the position recorded in the ultimate parent company's consolidated accounts, which the Directors believe is the most appropriate and consistent approach to take on business combinations since the adoption of IFRS in the comparative period for the year ending 31 December 2005. Prior to 1 January 2004 business combinations were accounted for under UK GAAP.

1.6 Property, plant and equipment

Property, plant and equipment other than freehold land are stated at cost less depreciation. Freehold land is not depreciated. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Computer equipment	3 - 5 years

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

1 Accounting policies **(Continued)**

1.7 Leasing

The Company has taken land and buildings on lease.

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 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. Lease liability is measured at the present value of minimum lease payments determined at the inception of the lease. A right-of-use asset 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 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. 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 are of low value are recognised as an expense in the income statement as incurred.

1.8 Investment in subsidiary

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 Accounting policies **(Continued)**

1.9 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.

1.10 Taxation

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

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

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

Deferred tax liabilities are recognised for all taxable temporary differences:

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

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

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

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

1 Accounting policies **(Continued)**

1.11 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 profit and loss account 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.

1.12 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.

1 Accounting policies **(Continued)**

1.13 Financial instruments

(i) Classification

The Company classifies its financial assets in the following measurement categories:
- those to be measured subsequently at fair value (either through OCI or through profit or loss); and
- those to be measured at amortised cost.

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

(ii) Recognition and derecognition

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

(iii) Measurement

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

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

(iv) Impairment

The Company assesses, on a forward-looking basis, the expected credit losses associated with its debt instruments carried at amortised cost and 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 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.

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

Cash and cash equivalents
Cash and short-term deposits in the balance sheet comprise cash at bank and in hand and short-term deposits with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts are shown within current financial liabilities.

1 Accounting policies **(Continued)**

1.14 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.

1.15 Provisions

A provision is recognised in the balance sheet 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.

1.16 Foreign exchange

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

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.

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 as follows:

- The Company determines whether investments are impaired based on any impairment indicators. This involves estimation of the enterprise value of the investee which is determined based on the greater of discounted future cash flows at a suitable discount rate or through the recoverable value of investments held by the investee Company.

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

	Notes	2019	2018
		£	£
Operating profit for the year is stated after charging/(crediting):			
Net foreign exchange losses/(gains)		26,905	(23,685)
Depreciation of property, plant and equipment	9	57,447	87,727
Operating lease rentals - plant and machinery		17,352	68,543
Operating lease rentals - other assets		1,268	90,872
Depreciation of ROUA - property, plant and equipment	11	107,939	-

Audit fees are borne by the ultimate parent undertaking, Capita plc. The audit fee for the current period was £15,502 (2018: £15,450). The Company has taken advantage of the exemption provided by regulations 6(2)(b) of The Companies (Disclosure of Auditor Remuneration and Liability Limitation Agreements) Regulations 2008 not to provide information in respect of fees for other (non-audit) services as this information is required to be given in the group accounts of the ultimate parent undertaking, which it is required to prepare in accordance with the Companies Act 2006.

5 Leases under IFRS 16

	2019
	£
Interest expense on lease liabilities	1,311
Expenses relating to short-term leases (refer note 4)	18,620

6 Net finance income

	2019	2018
	£	£
Interest on bank deposits	10,541	429
Interest on lease obligations	(1,311)	-
	9,230	**429**

7 Investment income

	2019	2018
	£	£
Income from shares in Group undertakings	2,278,588	-

Investment income includes dividend declared by International Translation Resources Limited of £1,192,108 and Amity Communicatioins Limited of £1,086,480 to be satisfied in specie by transfer of a loan receivable from International Translation Resources Limited and Amity Communications Limited respectively in an amount equivalent to the value of dividend declared.

8 Income tax

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

	2019	2018
	£	£
Current tax		
UK corporation tax	160,273	175,976
Adjustments in respect of prior periods	269,121	(399,978)
	429,394	**(224,002)**
Deferred tax		
Origination and reversal of temporary differences	(10,528)	3,917
Adjustment in respect of prior periods	(19,542)	(17,018)
	(30,070)	**(13,101)**
Total tax charge/(credit) reported in the income statement	**399,324**	**(237,103)**

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	2018
	£	£
Profit before tax	778,118	946,317
Profit before taxation multiplied by standard rate of corporation tax in the UK of 19% (2018: 19%)	147,842	179,800
Expenses not deductible for tax purposes	433,596	554
Non taxable income	(432,932)	-
Impact of changes in statutory tax rates	1,239	(461)
Adjustments in respect of current tax of prior periods	269,121	(399,978)
Adjustments in respect of deferred tax of prior periods	(19,542)	(17,018)
Total adjustments	**251,482**	**(416,903)**
Total tax charge/(credit) reported in the income statement	**399,324**	**(237,103)**

8 Income tax **(Continued)**

Deferred tax

	Balance sheet		Income statement	
	2019	**2018**	**2019**	**2018**
	£	**£**	**£**	**£**
Deferred Tax Asset				
Decelerated capital allowances	93,665	66,235	27,430	14,678
Tax losses	2,437	-	2,437	(2,062)
Other short term timing differences	688	485	203	485
Net deferred tax asset	**96,790**	**66,720**		
Deferred tax credit			**30,070**	**13,101**

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 £11,388.

9 Property, plant and equipment

	Computer equipment
	£
Cost	
At 1 January 2019	254,101
Additions	8,265
Asset retirement	(224,642)
At 31 December 2019	**37,724**
Depreciation	
At 1 January 2019	183,726
Depreciation	57,447
Asset retirement	(224,642)
At 31 December 2019	**16,531**
Net book value	
At 31 December 2018	**70,375**
At 31 December 2019	**21,193**

10 Intangible assets

	Goodwill
	£
Cost and Net book value	
At 1 January 2019 and at 31 December 2019	2,148,630

11 Right of Use Assets

Property	**2019**
Net Book Value	**£**
At 1 January	
Adoption of IFRS 16	107,939
Depreciation charged during the year	(107,939)
At 31 December	**-**

12 Investment in subsidiaries

	2019	**2018**
	£	**£**
Cost		
At 1 January	2,238,903	2,188,903
Additions	-	50,000
At 31 December	**2,238,903**	**2,238,903**
Impairment		
At 1 January	(1,039,956)	(1,039,956)
Charge for the year	(1,198,947)	-
At 31 December	**(2,238,903)**	**(1,039,956)**
Net book value	**-**	**1,198,947**

At 31 December 2019, we tested the impairment of investments held by Capita Translation and Interpreting Limited by comparing the recoverable value against the carrying value. Accordingly, there is an impairment of £1,198,947 analysed as follows:
a) Amity Communication Limited - £50,000
b) ITR International Translation Resources Limited - £1,148,947.

Accordingly, Amity Communication Limited and ITR International Translation Resources Limited are no longer considered subsidiaries of the Company at 31 dec 2019.

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

Company	**Country of registration or incorportion**	**Ordinary shares held (%)**	**Nature of business**
Capita Translation and Interpreting LLC*	Corporation Trust Centre, 1209 Orange Street, Wilmington, New Castle DE 19801, USA	100	Translation Services

*Carrying value of investment is £nil

On 16 March 2020, the Company sold off its investments in Capita Translation and Interpreting LLC to its parent company for a consideration of £1.

13 Trade and other receivables

	2019	2018
	£	£
Trade receivables	2,241,486	2,262,385
Accrued income	367,442	250,040
Prepayments	53,706	82,083
Amounts due from parent and fellow subsidiary undertaking	539,420	538,902
Other receivables	5,996	-
	3,208,050	**3,133,410**

14 Cash

	2019	2018
	£	£
Cash at bank and in hand	2,158,804	1,002,098
	2,158,804	**1,002,098**

15 Trade and other payables

	2019	2018
	£	£
Trade payables	202,275	254,031
VAT Payable	470,040	440,606
Accruals	939,000	1,159,745
Amounts due to parent and fellow subsidiary undertaking	6,535,336	7,854,786
Other payables	35,429	-
	8,182,080	**9,709,168**

During 2019, on the liquidation of Amity Communications Limited, it was identified that the trade payable written off in 2017 of £1,039,956 was not legally enacted. As a result, the opening investment and opening trade payables are both understated by £1,039,956. We have not restated the 2018 balance sheet, as there is no net impact on the net asset or the income statement in either 2018 or 2019.

16 Lease liability

In calculating the lease liability to be recognised on adoption, the Company used an incremental borrowing rate at 1 January 2019 of 3.31%.

	£
Operating lease commitments at 31 December 2018 disclosed under IAS 17	95,000
Operating lease commitments restated for 31 December 2018	14,250
Discounted using the incremental borrowing rate at 1 January 2019	(1,311)
Lease liabilities recognised as at 1 January 2019	**107,939**
out of which	
Current	107,939
Non-current	-

	2019	2018
Maturity analysis - Contractual undiscounted cash flows	**£**	**£**
Less than one year	-	109,250
Total undiscounted lease liabilities at 31 December	**-**	**109,250**

17 Deferred income

	2019	2018
	£	£
Deferred income	74,044	228,670
	74,044	**228,670**

18 Financial liabilities

	2019	2018
	£	£
Bank overdrafts	1,571,406	544,426
	1,571,406	**544,426**

19 Provisions

Property provision	**2019**	**2018**
	£	£
At 1 January	40,000	40,000
At 31 December	**40,000**	**40,000**

The property provision represents a dilapidations provision. 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 provisions are expected to be utilised within the next year.

20 Issued share capital

	2019 Numbers	**2018 Numbers**	**2019 £**	**2018 £**
Allotted, called up and fully paid				
of £1 each				
At 1 January	100	100	100	100
At 31 December	**100**	**100**	**100**	**100**

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

21 Employee benefits

The total costs charged to income in respect of defined contribution plans is £196,569 (2018 - £147,023).

22 Employees

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

	2019 Number	**2018 Number**
Sales	11	22
Operations	92	78
Administration	10	23
	113	**123**

Their aggregate remuneration comprised:

	2019	**2018**
Employee costs	**£**	**£**
Wages and salaries	3,221,350	3,429,633
Social security costs	329,934	354,796
Pension costs	196,569	147,023
	3,747,853	**3,931,452**

23 Directors' remuneration

	2019	2018
	£	£
Remuneration for qualifying services	141,885	153,709
Company pension contributions to defined contribution schemes	12,000	4,950
	153,885	**158,659**

Only one Director was paid by the Company. 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.

The number of Directors for whom retirement benefits are accruing under defined benefit schemes amounted to 1 (2018 - 1). The number of directors who exercised share options during the year was nil (2018 - nil).

In addition to above, the Directors of the Company were reimbursed for the expenses incurred by them whilst performing business responsibilities.

24 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**
Sales of Goods			
	Fera Science Limited	December 31, 2019	712
		December 31, 2018	6,414
	Axelos Limited	December 31, 2019	24,335
		December 31, 2018	51,791
		December 31, 2019	**25,047**
		December 31, 2018	**58,205**

Closing balance of Related Parties

Nature of Transaction	**Name of Company**	**Year**	**£ Fellow Subsidiary**
Trade Receivables			
	Fera Science Limited	December 31, 2019	-
		December 31, 2018	535
	Axelos Limited	December 31, 2019	23,806
		December 31, 2018	1,018
		December 31, 2019	**23,806**
		December 31, 2018	**1,553**

25 Post balance sheet event

1) On 16 March 2020, the Company sold off its investments in Capita Translation and Interpreting LLC to its parent company for a consideration of £1.

2) 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 material impact on the recognition and measurement of assets and liabilities as a result of this subsequent event.

26 Controlling party

The Company's immediate parent undertaking is Capita 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 30 Berners Street, London, W1T 3LR.

27 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:

	Footnotes	Carrying amount - 31 December 2018	Impact on Adoption of IFRS 16	IFRS 16 carrying amount as at 1 January 2019
		£	£	£
Non-current assets				
Right-of-use assets	A	-	107,939	107,939
Current liabilities				
Lease liabilities	B	-	107,939	107,939

Footnotes for reconciliations for 2018

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) 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.