Company Registration: 01238274

Liberata UK Limited

Annual Report and Financial Statements

For the year ended 31 December 2017

CONTENTS

STRATEGIC REPORT – AT A GLANCE

Government Process Services: where business knowledge is critical at every stage

Liberata UK Limited (Liberata) is a trusted, reliable, operating partner that helps government deliver, run and automate complex public services for individuals, businesses and other organisations. These are often highly specialised, white-collar processes where business knowledge is critical at every stage, such as collecting revenues, administering benefits, accounting and financial transactions, and related customer services.

Helping government get results

As government seeks to reform and modernise, it needs partners it can rely on to help it improve these services, manage and run them on its behalf, and increasingly digitise and automate them. With circa 1,400 staff operating from 11 locations across the UK, Liberata has served customers in central and local government for over 40 years, helping government get results by applying extensive specialist understanding of the challenges it faces and the operational know-how to deliver the outcomes it needs.

Services

Finance and Accounting
Revenues Collection and Benefits Administration
HR and Payroll
Customer Services
Property and Asset Management
Automation Services
IT Services
Administration Support

Results

	2017 Results	2016 Results
Revenue	**£62.5m**	**£63.4m**
Gross Profit	**£11.4m**	**£10.1m**
Profit before tax	**£2.3m**	**£2.8m**

STRATEGIC REPORT – CHIEF EXECUTIVE'S REVIEW

A strategic focus – Government Process Services

In 2017 Liberata completed its first full year under new owners, Outsourcing Inc., meeting expectations of revenue and earnings and reinforcing its hard-earned reputation as a trusted, reliable operating partner, helping UK central and local government get results.

This meant succeeding in a particularly tough and complex public service environment pressured by tighter budgets, challenged by political uncertainties, distracted by Brexit and expected to produce social value from digital and service transformation, as well as protecting vulnerable individuals and communities. It is a task that requires commitment, application and a focus on local realities. Utilising 40 years' experience to do this well on behalf of our government clients was and continues to be an important point of differentiation and specialisation for Liberata, delivering what we distinguish as Government Process Services. This follows a conscious strategic choice to lead in white collar government services (a £3.5bn sector in 2017 according to analysts TechMarketView), rather than to broaden and spread across diverse functional and customer markets within the business process outsourcing sector where our capabilities are less strong.

In 2017, I have been particularly proud of the achievements of Liberata's dedicated and experienced teams, who worked tirelessly as an extension of government to deliver a range of vital public services, both in customer-facing and back-office roles. I was especially delighted with the recognition that these efforts received from four separate industry bodies, who acknowledged the outstanding commitment of our individuals and teams and rewarded Liberata with its highest ever haul of awards, recording no less than six wins and fifteen finalist nominations.

The award wins comprise of: the CIPP Excellence Award as 'Payroll Service Provider of the Year', the Institute of Revenues Rating and Valuation (IRRV) Annual Performance Award for 'Excellence in Non-Domestic Rates', two UK Contact Centre Bronze Awards for 'Most Positive Impact on the Community' and 'Business Improvement Manager of the Year', and the Call North West Award for 'Best Use of Social Media' and 'Trainer/Coach of the Year'.

BUSINESS REVIEW

2017 Highlights

Headline revenue was steady at £62.5m, profit for the financial year increased to £2.1m, as gross profit increased to £11.4m. The change in gross profit was an early result from post-acquisition programme of operational transformation. This included office relocations and refurbishments in London, Croydon and Cardiff, together with substantial investments in technology, service automation and operational effectiveness, such as improved facilities to enable employees to be fully productive whilst enjoying the flexibility of home working.

Positive momentum was maintained in the growth of Liberata's Forward Order Book to £256m at the end of 2017, more than 4x revenue, writing more than £130m in new contracts during the year. This represents an increase of £57m (up from £199m in 2016) since acquisition, its highest point since 2012.

Outsourcing Partnerships

Core contracts performed well, as always, with continued service reliability and outstanding operational performance creating total collections of £2.33bn on behalf of UK local authorities. The vital end-customer focus of our services also meant we were able to organise proven processes and accelerate much needed digital transformation for our clients. Using existing and new technology we helped them achieve record levels of channel shift, with a mature three-year programme at North Somerset Council reaching self-service levels of 92%, and 35% channel shift being reached within the first two years of our ten-year partnership with Burnley Borough Council.

STRATEGIC REPORT – CHIEF EXECUTIVE'S REVIEW (Continued)
BUSINESS REVIEW (Continued)

Reflecting the growing confidence of government clients in Liberata's specialist expertise and digital transformation track record, our new contracts included:

- A ten-year extension to our contract with Pendle Borough Council until February 2030, in a deal worth £54m. This includes our commitment to invest almost £1m in a self-service digital transformation programme for citizens, employees and suppliers that is expected to generate approximately £4.9 million in efficiency savings and see 65% of customer transactions moved online over the next five years.
- A new Corporate Services contract with London Borough of Hounslow. The contract will see Liberata deliver a range of services including revenues and benefits assessments, transactional finance, HR administration, and payroll services on behalf of the Council. The initial contract is for seven years, with the option to extend it for a further three years, and is potentially worth up to £75 million.
- A new five-year contract, worth £5.4 million to provide revenues & benefits and customer services to the London Borough of Hillingdon.
- A further annual extension to our contract with the Department for Work and Pensions-owned company, Benefits Pension Digital & Technology Services (BPDTS), to deliver HR & Payroll and Finance & Accounting services.
- A new contract to run the payroll for the Department for Transport agency, Highways England, which was awarded through G-Cloud and added to Liberata's credentials as one of the few organisations trusted to run some of the nation's most complex and secure government payrolls.

We undertook a complex Enterprise Resource Planning (ERP) software migration to replace a legacy payroll and finance system at Worcestershire County Council and their schools and academies in April. We are always circumspect and honest when things don't go exactly to plan and with support from the client team we overcame the early challenges experienced after this transition. I am now pleased to report that all services were quickly stabilised and put back to the performance levels that our client expects.

Managed Services

Capacitygrid, Liberata's direct brand for on-demand business services, continued to succeed in a market fast gathering pace, and following several years of investment reached its target profitability in 2017.

Capacitygrid has now completed over 600 services for more than 240 councils across the UK, since services were first launched in late 2011.

Focusing where councils lack capacity or investment, Capacitygrid services offer outcome-based business solutions that make it easy and quick for councils to contract for results, using its extended customer network to add economies of scale. Designed specifically to generate additional income, and savings, Capacitygrid services have generated over £400m in additional income for councils since 2011. The Empty Homes Review service has been achieving on average nearly £1m in New Homes Bonus per review for over 170 individual local authorities over the past six years. Meanwhile, the Business Rates Review Service has helped over 40 local authorities bring in nearly £16.5 million of additional Rateable Value (RV) per annum. With over 1,000 local government officers using the Service Cloud platform, Capacitygrid leads the market in the provision of fully-managed services across Revenues & Benefits.

As the market for Business Process-as-a-Service (BPaaS) and platform-based Business Process Services (managed services) grows, together with the increasing use of Digital Marketplace frameworks such as G-Cloud by local government, we are now ideally positioned to convert further value and enhance returns as we introduce new services to our proven distribution channel. The pressure on councils to procure short-term solutions and secure results in response to further devolved powers and major changes in legislation, such as full Business Rates Retention, Right Benefit Initiative and Universal Credit, will drive increased demand for the broad array of managed, automation and digital services available to them through Capacitygrid.

STRATEGIC REPORT – CHIEF EXECUTIVE'S REVIEW (Continued)
BUSINESS REVIEW (Continued)

Automation Services

Now in its twentieth year, through numerous contractual evolutions and extensions, and in the second-year of its latest G-Cloud contract to deliver Financial Transaction Processing Services for Her Majesty's Courts & Tribunals Service, this year it was as important as ever that we continued to demonstrate why we are the leading financial transaction specialist for government. We believe we have done this, handling £3.5bn of central government transactions and raising performance levels even higher to reach an incredible 99.25% auto-match rate across all our central government services, the highest we believe for any government department.

The reputation and reliability of our automation services business translated into great results for Liberata, beating forecast expectations by delivering additional solutions and support in finance, accounting and resource planning. This augurs extremely well for the development and expansion of these services in 2018.

Looking forward

Looking forward, Liberata has every reason to be confident. It has the stability of major contracts all performing well, and a significant opportunity arising from a strong pipeline of contracts it will look to renew, extend and win in 2018.

Encouraged by the increasing emphasis of government in the use of Digital Marketplace frameworks such as G-Cloud, I was pleased to note that 2017 spend through all three digital frameworks was up 35% compared to 2016, although the opportunity particularly for local government is significant as this still only accounts for circa 11% of UK public sector Software & IT Services spend (according to the Digital Marketplace Review 2017 published by TechMarketView). As large contracts come to an end frameworks will inevitably grow and Liberata is well-placed to benefit from this.

Our contracts with the Ministry of Justice, the Department for Work and Pensions and numerous Capacitygrid awards bring the total contract value procured through these frameworks to approximately 15% of Liberata's revenues in 2017. Clearly, codifying our services and expertise to make it easier for government organisations to consume through digital frameworks will continue to be a priority for Liberata looking ahead to 2018 and beyond.

Liberata's strategy will be focused, as it continues to develop next-generation Government Process Services targeting niche areas of digital transformation with specialist capability and compelling economies that drive social as well as economic value.

We will seek to convert our expertise into further growth of our core business whilst continuing to develop automation and digital solutions that define new service possibilities whilst selectively assessing inorganic growth and partnership opportunities that can help us accelerate the customer journey.

It is our customer-centric culture that continues to yield results as we continue to provide a steady hand for government, confident that day-to-day delivery obligations will be met and reassured by the knowledge and experience being invested to create a future that is far more digitally connected.

As government tackles big challenges in funding, care, housing, vulnerability and even sovereignty, Liberata is ready to help achieve genuine transformation, creating more sustainable public services exemplars that will serve citizens long into the future.

....
C E Bruin
Chief Executive Officer

STRATEGIC REPORT *(continued)*

PRINCIPAL RISKS AND UNCERTAINTIES

The Board is responsible for the Company's system of internal control and regularly reviewing its effectiveness. Our procedures and controls are designed to safeguard the Company's assets, maintain proper accounting records and ensure the reliability of financial information used within the business.

This system is designed to manage, rather than eliminate, the risk of failure to achieve corporate objectives. Accordingly, it can only provide reasonable but not absolute assurance against material mis-statement or loss. We recognise that creating value is the reward for taking and accepting risk.

The Board has overall responsibility for the Company's approach to assessing risk. Executive management implements the Board's policies on risk and control and is responsible for identifying, evaluating and managing the significant risks faced by the Company, primarily via our monthly reporting process.

The Company has standard monthly reporting across the Company against detailed financial plans prepared at the individual business unit level. Progress against plans is tracked via monthly operational board (MOB) reviews of performance of each business unit. Financial reporting is an integral element of these reviews, and performance is tracked against plan and a rolling forecast, which is refreshed monthly. The prime objective is to assist in early identification of areas of risk or opportunity, allowing the business and the Board to make decisions on an informed and anticipatory basis.

Capital expenditure is tightly controlled and reviewed and approved by a cross-functional Capital Expenditure Approval Committee and where appropriate, Board-level sign off on a business-case basis.

Procedures are in place to identify, prioritise and mitigate significant business risks that could impact performance. While not exhaustive, the list below highlights critical risks that the Company tracks and manages that could adversely impact results.

Human Resources

As a service business, the Company relies heavily on its people, making it vital to attract and retain the best people. The Company has implemented a Job Evaluation scheme and pay and grading framework to provide a reward system which:

- Supports recruitment and retention of employees
- Rewards performance, demonstration of Company values and competencies
- Reflects geographical and market conditions
- Maintains affordability
- Addresses equal pay risks in a fair and affordable manner

Economic Risk

The nature of the Company's business means that adverse economic circumstances, such as the current pressures on the public finances, can provide both threats and opportunities for the Company as existing and prospective public sector customers seek to find more effective ways to deliver public services. The Company actively seeks to work with its customers to mitigate the impact of external cost pressures and invests in service and product innovation and its business development activities and Customer Management Teams to ensure it is well placed to benefit from the substantial opportunities existing within its target markets.

STRATEGIC REPORT *(continued)*

Liquidity

Liquidity is managed by a regular and robust financial reporting process, with the Company's financial and liquidity performance monitored monthly on a rolling basis. Working capital is actively managed and reviewed by the management team on a weekly basis. Operating and capital expenditure are under tight scrutiny and control. The Company has net cash balances. Together with the cash generative nature of the business and the high degree of visibility in respect of future revenues and earnings this provides the Board with confidence about the financial stability of the Company.

Credit

Credit risk is monitored on an on-going basis. The majority of the Company's customers are blue chip or public sector undertakings, and payment terms are good and well-adhered to. At the balance sheet date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet, principally trade and other receivables.

Operational Risk

The Company is exposed to standard operational risks in respect of complex business processing, including volume variances and maintaining contracted service levels and quality. We have detailed operational performance metrics and reporting in place and our operating model, with multiple service centres working together in an integrated fashion, is a key factor in mitigating operational risks. The shared service centre approach creates economies of scale and allows the Company to invest in service innovation and leadership.

As a service business, the Company is at risk of liability claims regarding contracted performance. The shared service centre operating model allows us to build consistency of process and procedure into standard workflow and document management applications, ensuring that best practice is applied across the Company. Our people are actively encouraged and rewarded to innovate and challenge existing processes and procedures for the benefit of the Company, our customers, and their citizens.

Business Continuity

In response to the threat that an unforeseen event would seriously disrupt customer services, the Company has a business continuity team to ensure weaknesses are identified and managed and a full disaster recovery program.

Information Security and Data Protection

The Company receives, processes and stores sensitive data on behalf of customers, and operates security processes that are embedded in our Business Centres and that support the confidentiality, availability and integrity of the Company and customer data.

We operate ISO27001 compliant controls and are accredited to use the Public Services Network (PSN). We have a published Data Security Policy, employ encryption on all portable media in respect of government secure processes, and employee industry recognised standards for the secure management of data. At the centre of our approach is our Information Security Policy and the Information Security Management System that underpins it. Risk Assessments are conducted on a regular basis which identifies and enables the effective management of risks using controls and security governance at each Business Centre.

STRATEGIC REPORT *(continued)*

By order of the Board

....
R D Price
Chief Financial Officer

....
C E Bruin
Chief Executive Officer

30 April 2018

Registered Address
5th Floor
Knollys House
17 Addiscombe Road
Croydon
CR0 6SR

DIRECTORS' REPORT

The Directors present their annual report and the audited financial statements of the Company for the year to 31 December 2017.

CHIEF FINANCIAL OFFICER'S REVIEW

Overview

2017 was another impressive and financially solid year for Liberata.

After the acquisition by Outsourcing Inc. in the previous year, in 2017 we successfully focused on;

- stabilising the business and galvanising the company under new leadership;
- delivering, as always, for our customers;
- embedding some minor governance and process changes to meet our parent company's global scheme of delegated authority;
- meeting and managing the expectations of our new shareholders;
- securing material new business wins and forward order book growth at sensible and sustainable margins to support the long-term business objectives; and
- operating an effective Treasury function to manage cash balances in a year of very heavy long-term capital expenditure investments.

Within our outsourcing partnerships sector, the shape of our business continued its journey from 2016 with some mature contracts reaching their natural end point and new contracts replacing them on a new long-term journey with the company. That is a very natural cycle in our industry but it does result in a shift or a change in the "profitability mix" as it is very normal for new contracts to operate at lower levels of profitability in the early years whilst investments are made. This cycle and transition was very well managed in 2017 with almost all contracts delivering to expectations. The only exception was in Worcestershire, where we invested much more heavily than planned in order to rectify some system issues post-implementation.

Our managed services business, continued its journey towards maturity and delivered a material year on year financial improvement and became a more material component of our business.

Our automated services business, again delivered beyond expectations, delivering stellar operational results.

2017 was a year of significant investment. In total, £2.8m was invested in tangible and intangible investments, the largest investment for many years. This reinforces the company's long term intentions. The investments were largely to provide technology solutions to support the service delivery on several of our contracts and also to upgrade, improve and refresh much of our property estate to provide better and more cost effective accommodation for our employees. Despite investing heavily, cash flow was managed very effectively and the year closed with a very healthy cash balance.

Perhaps most crucially, 2017 was also all about laying the foundations for long term success with material forward order book growth. As outlined in the Chief Executive Officer's review, the scale of business growth from both new and existing customers provides an excellent platform, from which to deliver and grow the business for many years to come.

Operating results

The financial statements for 2017 were prepared under FRS 101 and only show the 2017 and prior year results of Liberata UK Limited, rather than a consolidated view. For the years ended 31 December 2015 and earlier the financial statements submitted to Companies House were voluntary consolidated financial statements.

The underlying operating profit for continuing operations for the year was £3.3m (2016: £5.1m). Reported operating profits are £2.7m (2016: £3.1m) and profit before tax amount to £2.3m (2016: £2.8m). There was a change in policy in 2017 resulting in retrospective restatement of 2016. Consequently, the comparative numbers here are different to the financial statements published last year. Please refer to note 25 in the financial statements.

DIRECTORS' REPORT *(continued)*

CHIEF FINANCIAL OFFICER'S REVIEW *(continued)*

Cash and Financing
Cash at bank at 31 December 2017 was positive to the tune of £3.8m (2016 £4.8m).

At 31 December 2017 the Company had no bank debt.

As a well-capitalised company and part of a strong and well-financed group, we have a sound platform for the future, and are confident that 2018 will be another successful year.

Taxation
The Company has brought forward trading losses and unutilised capital allowances amounting to £14.7m at 31 December 2017 (2016 £17.5m). We expect these trading losses to provide useful relief from corporation tax over the coming years.

A deferred tax asset of £2.5m has been recognised in the statement of financial position (note 8).

Pensions
The Company has Admitted Body status in respect of seven local authority pension schemes. The scale of these liabilities is relatively modest, as set out in note 22, and the Company also has some contractual reimbursement rights and protection against deficits in respect of these schemes under the terms of the associated client contracts, reducing the risk associated with them.

The net pensions deficit at 31 December 2017, net of the reimbursement rights asset, amounted to (£0.1m) compared to (£0.2m) last year as set out in note 22.

Conclusion
Liberata has again performed creditably from a financial perspective and continues to have a strong balance sheet and capital structure. We are confident that 2018 will be another successful year.

R D Price
Chief Financial Officer
30 April 2018

DIRECTORS' REPORT *(continued)*

OTHER ITEMS

GOING CONCERN
The Company's business activities, together with the factors likely to affect its future development and position, are set out in the Strategic Report on pages 2 to 8. The Directors expect the Company to continue to generate positive cash flows for the foreseeable future and have therefore prepared the financial statements on the basis that it is a going concern.

DISABILITY POLICY
It is Liberata's policy to treat people with disabilities on an equal basis for employment, development and promotion.

Liberata is a diverse organisation and our Diversity Group consists of representatives from across the business. The group's aims are:

- To embrace and encourage all members of the Company in delivery of services to all customers and the community.
- To encourage the acceptance and understanding of different views, perspectives and values, eliminating prejudice wherever it exists.
- To remove all barriers of prejudice.
- To challenge, without fear of reprisal all forms of prejudice with the intention of eradicating it from the Company.
- To educate the whole of Liberata about the values, beliefs and cultures of their colleagues.

Liberata gives full and fair consideration to applications for employment from disabled persons and other minority groups. The Company actively supports employees who become disabled to continue their existing employment or train for redeployment if necessary.

EMPLOYEE CONSULTATION
The Company develops and encourages a participative and accountable style of leadership. It recognises the need to provide information to employees on issues affecting them and the performance of the Company. The Company maintains a strong communications network and employees are encouraged to discuss matters of interest and subjects affecting the day to day operations of the business.

RESEARCH AND DEVELOPMENT
As government seeks to reform and modernise, it needs partners it can rely on to help it improve these services, manage and run them on its behalf, and increasingly digitise and automate them. In carrying out the services listed on page 2, Liberata uses its research and development activities to generate efficiencies by digitising services, automating processes, using the latest technologies and developing its systems.

DIRECTORS
The following served as directors during the year and up to the date of signing.

Executive

C E Bruin	
R D Price	
M Motegi	
K Suzuki	
Y Ono	(appointed 1st February 2017)
A L Wood	(appointed 1st February 2017)

DIRECTORS' REPORT *(continued)*

COMPANY SECRETARY
The following is the company secretary of the company that served during the year:

P C Mills

POLITICAL AND CHARITABLE DONATIONS
During the year the Company made charitable donations totalling £27,400 to a number of charities (2016: £10,000).

The Company did not make any political donations during the year (2016: nil).

DIVIDENDS
The Directors do not recommend the payment of a dividend (2016: Payment of £34.9m).

DIRECTORS' RESPONSIBILITIES STATEMENT
The directors are responsible for preparing the Annual 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), 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 judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of 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 United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

DISCLOSURE OF INFORMATION TO AUDITORS
The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each Director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

DIRECTORS' REPORT *(continued)*

AUDITORS

Ernst & Young LLP resigned during the year as external auditors and were replaced by Deloitte LLP. Deloitte LLP were deemed to be appointed as auditors under section 485(4) of the Companies Act 2006. Deloitte Touche Tohmatsu LLC are the external auditors of the ultimate parent company Outsourcing Inc.

By order of the Board

....
R D Price
Chief Financial Officer

....
C E Bruin
Chief Executive Officer

30 April 2018

Registered Address
5th Floor
Knollys House
17 Addiscombe Road
Croydon
CR0 6SR

Independent auditor's report to the members of Liberata UK Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Liberata UK Limited (the 'company') which comprise:

- the income statement;
- the statement of comprehensive income;
- the statement of changes in equity;
- the statement of financial position; and
- the related notes 1 to 25.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework".

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs(UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report and Financial Statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

Independent auditor's report to the members of Liberata UK Limited (continued)

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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 respect of these matters.

Kevin Thompson

Kevin Thompson (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
30 April 2018

INCOME STATEMENT

For the year ended 31 December 2017

	Note	Total 2017 £000	Total 2016 £000 (Restated)
TURNOVER	2	**62,543**	**63,422**
Cost of sales		(51,108)	(53,353)
Gross profit		**11,435**	**10,069**
Administrative expenses		(8,761)	(6,980)
Profit before interest and tax		**2,674**	**3,089**
Interest receivable and similar income	5	2	25
Interest payable and similar charges	6	(4)	(5)
Other finance cost	7	(398)	(264)
PROFIT BEFORE TAXATION		**2,274**	**2,845**
Analysed between:			
Profit before taxation, intangible amortisation, and non-recurring operating items		**3,331**	**5,111**
Intangible amortisation		**(657)**	**(213)**
Non-recurring operating items (a)	(a)	**-**	**(1,809)**
Tax expense	8	(136)	(882)
Profit for the financial year		**2,138**	**1,963**

(a) This relates to the sale of Liberata UK Limited to Outsourcing Inc., a company registered in Japan.

The notes on pages 19 to 47 form part of the financial statements.

STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2017

	Note	2017 £000	2016 £000 (Restated)
Profit for the financial year		2,138	1,963
Other comprehensive income:			
Items that cannot be reclassified to profit or loss:			
Actuarial gains recognised in the pension schemes	22	1,618	30
Deferred tax arising on actuarial gains	8	(275)	(5)
Other comprehensive income for the year, net of tax		1,343	25
Total comprehensive income for the year		**3,481**	**1,988**

The notes on pages 19 to 47 form part of the financial statements.

STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2017

	Share capital £000	Retained earnings £000	Total Equity £000
At 01 January 2016	**4,000**	**33,013**	**37,013**
Profit for the financial year (note 25)	-	1,963	1,963
Actuarial gains (note 25)	-	30	30
Deferred tax arising on actuarial gains (note 25)	-	(5)	(5)
Total comprehensive income for the year (note 25)	-	1,988	1,988
Share capital reduction	(2,000)	2,000	-
Equity dividends paid (Note 21)	-	(34,855)	(34,855)
At 31 December 2016	**2,000**	**2,146**	**4,146**
Profit for the financial year	-	2,138	2,138
Actuarial gains	-	1,618	1,618
Deferred tax arising on actuarial gains	-	(275)	(275)
Total comprehensive income for the year	-	3,481	3,481
At 31 December 2017	**2,000**	**5,627**	**7,627**

STATEMENT OF FINANCIAL POSITION
As at 31 December 2017

	Note	2017 £000	2016 £000
FIXED ASSETS			
Intangible assets	9	2,961	2,080
Tangible assets	10	1,460	747
Investments	11	1	1
Deferred tax asset	8	2,528	2,940
		6,950	**5,768**
CURRENT ASSETS			
Debtors	12	19,004	17,945
Cash at bank and in hand		3,840	4,852
		22,844	**22,797**
CREDITORS: amounts falling due within one year	13	(9,178)	(11,129)
NET CURRENT ASSETS		**13,666**	**11,668**
TOTAL ASSETS LESS CURRENT LIABILITIES		**20,616**	**17,436**
CREDITORS: amounts falling due after more than one year	14	(26)	(43)
PROVISIONS FOR LIABILITIES AND CHARGES	15	(592)	(1,180)
NET ASSETS EXCLUDING PENSION LIABILITIES		**19,998**	**16,213**
PENSION LIABILITIES	22	(12,371)	(12,067)
NET ASSETS INCLUDING PENSION LIABILITIES		**7,627**	**4,146**
CAPITAL AND RESERVES			
Called up share capital	16	2,000	2,000
Profit and loss account		5,627	2,146
EQUITY SHAREHOLDERS' FUNDS		**7,627**	**4,146**

The notes on pages 19 to 47 form part of the financial statements.

These financial statements were approved by the Board of Directors on 30 April 2018 and were signed on its behalf by:

C E Bruin
Chief Executive Officer

R D Price
Chief Financial Officer

Company registered no: 01238274

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2017

1 STATEMENT OF COMPLIANCE AND ACCOUNTING POLICIES

STATEMENT OF COMPLIANCE

Authorisation of financial statements and statement of compliance with FRS 101

The financial statements of Liberata UK Limited, a private limited by shares Company (the "Company") for the year ended 31 December 2017 were authorised for issue by the board of directors on 30 April 2018 and the balance sheet was signed on the board's behalf by R D Price and C E Bruin. Liberata UK Limited is incorporated and domiciled in England and Wales.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards.

The company's financial statements are presented in sterling and all values are rounded to the nearest thousand pounds (£000) except when otherwise indicated.

The Company has taken advantage of the exemption under s400 of the Companies Act 2006 not to prepare group financial statements as it is a wholly owned subsidiary of Outsourcing UK Limited. The results of the Company are included in the consolidated financial statements of Outsourcing UK Limited, registered at Floor 9 Peninsular House, 30-36 Monument Street, London, England, EC3R 8LJ.

The principal accounting policies are set out below.

ACCOUNTING POLICIES

The following accounting policies have been applied consistently to the financial statements. There was a change in the pensions accounting policy for all periods presented. The reason and the impact are described in note 25.

(a) Basis of preparation

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 December 2017.

The company has taken advantage of the following disclosure exemptions under FRS 101:

(a) the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share based Payment,
(b) the requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64 (o)(ii), B64(p), B64(q)(ii), B66 and B67of IFRS 3 Business Combinations
(c) the requirements of paragraph 33 (c) of IFRS 5 Non-current Assets Held for Sale and Discontinued Operations
(d) the requirements of IFRS 7 Financial Instruments: Disclosures,
(e) the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement,
(f) Comparative period reconciliations for share capital, tangible fixed assets, and intangible assets
(g) the requirements of paragraphs 10(d), 10(f), 39(c) and 134-136 of IAS 1 Presentation of Financial Statements;
(h) the requirements of IAS 7 Statement of Cash Flows;
(i) the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
(j) the requirements of paragraph 17 of IAS 24 Related Party Disclosures;
(k) disclosures in respect of transactions with wholly owned subsidiaries; and
(l) the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets,

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2017

1 STATEMENT OF COMPLIANCE AND ACCOUNTING POLICIES (continued)

ACCOUNTING POLICIES (continued)

(b) Judgements and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements and estimates have had the most significant effect on amounts recognised in the financial statements:

Estimates

Pension and other post-employment benefits

The cost of defined benefit pensions plans are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long term nature of these plans, such estimates are subject to significant uncertainty. In determining the appropriate discount rate, management considers the interest rates of corporate bonds in the respective currency with at least AA rating, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The underlying bonds are further reviewed for quality, and those having excessive credit spreads are removed from the population of bonds on which the discount rate is based, on the basis that they do not represent high quality bonds. The mortality rate is based on publicly available mortality tables for the specific country. Future salary increases and pension increases are based on expected future inflation rates for the respective country. Further details are given in note 22.

Judgements

There were no key accounting judgements.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2017

1 STATEMENT OF COMPLIANCE AND ACCOUNTING POLICIES (continued)

ACCOUNTING POLICIES (continued)

(c) Significant accounting policies

Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree.

The choice of measurement of non-controlling interest, either at fair value or at the proportionate share of the acquiree's identifiable net assets, is determined on a transaction by transaction basis. Acquisition costs incurred are expensed and included in administrative expenses.

The UK Companies Act requires goodwill to be reduced by provisions for depreciation on a systematic basis over a period chosen by the directors, its useful economic life. However, under IFRS 3 Business Combinations goodwill is not amortised. Consequently, the company does not amortise goodwill, but reviews it for impairment on an annual basis or whenever there are indicators of impairment.

Goodwill is initially measured at cost being the excess of the aggregate of the acquisition-date fair value of the consideration transferred and the amount recognised for the non-controlling interest (and where the business combination is achieved in stages, the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree) over the net identifiable amounts of the assets acquired and the liabilities assumed in exchange for the business combination. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Company's cash-generating units (or groups of cash generating units) that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Each unit or group of units to which goodwill is allocated shall represent the lowest level within the entity at which the goodwill is monitored for internal management purposes and not be larger than an operating segment before aggregation.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation.

Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

When the Company acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the income statement in the year in which the expenditure is incurred. The useful lives of intangible assets are assessed to be either finite or indefinite.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2017

1 STATEMENT OF COMPLIANCE AND ACCOUNTING POLICIES (continued)

ACCOUNTING POLICIES (continued)

(c) Significant accounting policies (continued)

Business combinations (continued)

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. Other intangible assets have useful economic lives of three to seven years.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Cost comprises the aggregate amount paid and the fair value of any other consideration given to acquire the asset and includes costs directly attributable to making the asset capable of operating as intended. Borrowing costs directly attributable to assets under construction and which meet the recognition criteria in IAS 23 are capitalised as part of the cost of that asset.

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal annual instalments over their useful economic lives. The rates of depreciation are as follows:

Computer hardware	3 to 5 years
Fixtures, fittings and equipment	5 to 10 years

Specific assets purchased that relate to outsourcing contracts are depreciated over the shorter of their useful economic life and the term of the contract (typically 5 to 10 years).

The carrying values of property, plant and equipment are reviewed for impairment if events or changes in circumstances indicate 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.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the derecognition of the asset is included in the income statement in the period of derecognition.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2017

1 STATEMENT OF COMPLIANCE AND ACCOUNTING POLICIES (continued)

ACCOUNTING POLICIES (continued)

(c) Significant accounting policies (continued)

Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount in order to determine the extent of the impairment loss. An asset's 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 and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses on continuing operations are recognised in the income statement in those expense categories consistent with the function of the impaired asset.

For assets where an impairment loss subsequently reverses, the carrying amount of the asset or cash generating unit is increased to the revised estimate of its recoverable amount, not to exceed the carrying amount that would have been determined, net of depreciation, had no impairment losses been recognised for the asset or cash generating unit in prior years. A reversal of impairment loss is recognised immediately in the income statement, unless the asset is carried at a revalued amount when it is treated as a revaluation increase.

Investments

Investments in subsidiaries, associates and joint ventures are held at historical cost less any applicable provision for impairment.

Contract mobilisation costs

The Company's accounting policy is only to recognise contract mobilisation costs as an asset when it is virtually probable that a contract will be obtained and the contract is expected to result in future net cash inflows with a present value no less than all amounts recognised as an asset. The asset is amortised over the life of the contract. The total value of contract mobilisation costs included in the balance sheet was £871,000 (2016: £346,000). Contract mobilisations were previously called "pre-contract costs" in the accounting policies for the 2016 financial statements.

Foreign currency translation

The company's financial statements are presented in sterling, which is also the company's functional currency.

Transactions and balances

Transactions in foreign currencies are initially recorded in the entity's functional currency by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. All differences are taken to the income statement.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2017

1 STATEMENT OF COMPLIANCE AND ACCOUNTING POLICIES (continued)

ACCOUNTING POLICIES (continued)

(c) Significant accounting policies (continued)

Revenue recognition
Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, value added tax and other sales taxes.

The following criteria must also be met before revenue is recognised:

Rendering of services
Revenue from services rendered is recognised by reference to the stage of completion. Stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours for each contract. Where the contract outcome cannot be measured reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Interest income
Revenue is recognised as interest accrues using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to its net carrying amount.

Dividends
Revenue is recognised when the Company's right to receive payment is established.

Leases

Assets held under finance leases, which transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease, with a corresponding liability being recognised for the lower of the fair value of the leased asset and the present value of the minimum lease payments. Lease payments are apportioned between the reduction of the lease liability and finance charges in the income statement so as to achieve a constant rate of interest on the remaining balance of the liability. Assets held under finance leases are depreciated over the shorter of the estimated useful life of the asset and the lease term.

Leases where the lessor retains a significant portion of the risks and benefits of ownership of the asset are classified as operating leases and rentals payable are charged in the income statement on a straight line basis over the lease term.

Assets in disposal groups classified as held for sale

Non-current assets and disposal groups are classified as held for sale only if available for immediate sale in their present condition, a sale is highly probable and expected to be completed within one year from the date of classification. Such assets are measured at the lower of carrying amount and fair value less costs to sell and are not depreciated or amortised.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2017

1 STATEMENT OF COMPLIANCE AND ACCOUNTING POLICIES (continued)

ACCOUNTING POLICIES (continued)

(c) Significant accounting policies (continued)

Financial instruments

(i) Financial assets
Initial recognition and measurement
Financial assets within the scope of IFRS 7, IFRS 9 and IAS 39, are classified as financial assets at fair value through profit or loss, financial assets measured at amortised cost, financial assets measured at fair value through other comprehensive income, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The group determines the classification of its financial assets at initial recognition.

All financial assets are recognised initially at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

Purchases or sales of financial assets that require delivery of assets within a timeframe established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the group commits to purchase or sell the asset. The group's financial assets include cash and short-term deposits, trade and other receivables, loan notes, quoted and unquoted financial instruments, and derivative financial instruments.

Subsequent measurement
The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at fair value through profit of loss
Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the group that are not designated as hedging instruments in hedge relationships as defined by IAS 39. The group has not designated any financial assets upon initial recognition as at fair value through profit or loss.

Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Financial assets at fair value through profit and loss are carried in the balance sheet at fair value with changes in fair value recognised in finance revenue or finance expense in the income statement.

Financial assets measured at amortised cost
Financial assets measured at amortised cost are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. A financial asset is measured at amortised cost if both the following conditions are met:

- The asset is held within the business to collect contractual cash flows; and
- The contractual terms of the financial assets give rise on a specified date to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Such assets are initially recognised at fair value and subsequently measured at amortised cost using the effective interest (EIR) method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance revenue in the income statement. Losses arising from impairment are recognised in the income statement in other operating expenses.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2017

1 STATEMENT OF COMPLIANCE AND ACCOUNTING POLICIES (continued)

ACCOUNTING POLICIES (continued)

(c) Significant accounting policies (continued)

Financial instruments (continued)

Financial assets measured at fair value through other comprehensive income
Financial assets measured at fair value through other comprehensive income include equity securities. Equity investments classified as Financial assets measured at fair value through other comprehensive income if those investments are not classified as held for trading nor designated at fair value though profit or loss.

After initial measurement, such financial investments are subsequently measured at fair value with unrealised gains or losses recognised as other comprehensive income in the unrealised gains and losses reserve. When the investment is derecognised, the cumulative gain or loss is recognised in other operating income, or determined to be impaired, at which time the cumulative loss is recognised in the income statement in other operating expenses and removed from the unrealised gains and losses reserve.

The group evaluates such financial assets and whether the ability and intent to sell them in the near term is still appropriate. When the group is unable to trade these financial assets due to inactive markets and management's intent significantly changes to do so in the foreseeable future, the group may elect to reclassify these financial assets in rare circumstances. Reclassification to financial assets at amortised cost is permitted when the financial asset meets the definition of financial assets at amortised cost and when the group has the intent and ability to hold these assets for the foreseeable future or until maturity.

(ii) Financial liabilities

Initial recognition and measurement
Financial liabilities within the scope of IFRS 7, IFRS 9 and IAS 39 are classified as financial liabilities at fair value through profit or loss, financial liabilities at amortised cost, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The group determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

Subsequent measurement
The measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss
Financial liabilities at fair value through profit or loss includes financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2017

1 STATEMENT OF COMPLIANCE AND ACCOUNTING POLICIES (continued)

ACCOUNTING POLICIES (continued)

(c) Significant accounting policies (continued)

Financial instruments (continued)

Financial liabilities at amortised cost
The main category of financial liabilities at amortised costs are interest bearing loans and borrowings. Obligations for loans and borrowings are recognised when the group becomes party to the related contracts and are measured initially at the fair value of consideration received less directly attributable transaction costs.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Gains and losses arising on the repurchase, settlement or otherwise cancellation of liabilities are recognised respectively in finance revenue and finance cost.

Derecognition of financial liabilities
A liability is generally derecognised when the contract that gives rise to it is settled, sold, cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, such that the difference in the respective carrying amounts together with any costs or fees incurred are recognised in profit or loss.

(iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

(iv) Fair values

The fair value of financial instruments that are traded in active markets at the reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; discounted cash flow analysis or other valuation models.

An analysis of fair values of financial instruments and further details as to how they are measured are provided in the consolidated financial statements of Outsourcing UK Limited.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2017

1 STATEMENT OF COMPLIANCE AND ACCOUNTING POLICIES (continued)

ACCOUNTING POLICIES (continued)

(c) Significant accounting policies (continued)

Financial instruments (continued)

(v) Derivative financial instruments and hedging
Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

The fair value of forward currency contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles. The fair value of interest rate swap contracts is determined by reference to market values for similar instruments.

For those derivatives designated as hedges and for which hedge accounting is desired, the hedging relationship is formally designated and documented at its inception. This documentation identifies the risk management objective and strategy for undertaking the hedge, the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how effectiveness will be measured throughout its duration. Such hedges are expected at inception to be highly effective in offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the reporting period for which they were designated.

For the purpose of hedge accounting, hedges are classified as:

- fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment; or
- cash flow hedges when hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction;

Any gains or losses arising from changes in the fair value of derivatives that do not qualify for hedge accounting are taken to the income statement. The treatment of gains and losses arising from revaluing derivatives designated as hedging instruments depends on the nature of the hedging relationship, as follows:

Fair value hedges
For fair value hedges, the carrying amount of the hedged item is adjusted for gains and losses attributable to the risk being hedged; the derivative is re-measured at fair value and gains and losses from both are taken to profit or loss. For hedged items carried at amortised cost, the adjustment is amortised through the income statement such that it is fully amortised by maturity. When an unrecognised firm commitment is designated as a hedged item, this gives rise to an asset or liability in the balance sheet, representing the cumulative change in the fair value of the firm commitment attributable to the hedged risk.

The Company discontinues fair value hedge accounting if the hedging instrument expires or is sold, terminated or exercised, the hedge no longer meets the criteria for hedge accounting or the Company revokes the designation.

Cash flow hedges
For cash flow hedges, the effective portion of the gain or loss on the hedging instrument is recognised directly in other comprehensive income, while the ineffective portion is recognised in profit or loss. Amounts taken to other comprehensive income are transferred to the income statement when the hedged transaction affects profit or loss, such as when a forecast sale or purchase occurs.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2017

1 STATEMENT OF COMPLIANCE AND ACCOUNTING POLICIES (continued)

ACCOUNTING POLICIES (continued)

(c) Significant accounting policies (continued)

Stock

Stocks are stated at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition. Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

Cash at bank and in hand

Cash and short term deposits in the balance sheet comprise cash at banks and in hand and short term deposits with an original maturity of three months or less.

Cash flow statement

Under IAS 7 'Cash Flow Statements', the Company is exempt from the requirement to prepare a cash flow statement on the grounds that its parent undertaking includes the Company in its own published consolidated financial statements.

Provisions for liabilities

A provision is recognised when the Company has a legal or constructive obligation as a result of a past event; it is probable that an outflow of economic benefits will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation. If the effect is material, expected future cash flows are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability.

Where the Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when recovery is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement. Where discounting is used, the increase in the provision due to unwinding the discount is recognised as a finance cost.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2017

1 STATEMENT OF COMPLIANCE AND ACCOUNTING POLICIES (continued)

ACCOUNTING POLICIES (continued)

(c) Significant accounting policies (continued)

Pension costs

The Company operates defined contribution pension schemes provided by Fidelity Worldwide Investments and Aviva Plc. The assets of the schemes are held separately from those of the Company in independently administered funds. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

The Company also contributes to a number of Admitted Body Arrangements ('ABAs') that are part of the Local Government Pension Scheme. These arrangements are treated as defined benefit pension schemes.

The ABA scheme assets are measured using market values. ABA pension scheme liabilities are measured on an actuarial basis and are discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liability.

Valuations are obtained from the scheme actuary for each relevant Admitted Body Arrangement and the financial statements are updated accordingly at each balance sheet date. When a scheme has a surplus, this is measured at the lower of the surplus in the defined benefit plan and an asset ceiling.

An employee benefit reimbursement rights asset is recognised at its fair value where the Company is entitled to reimbursement by a third party of all or part of any contributions required by the scheme to fund any deficit in the scheme.

For all periods presented there was a change in policy relating to how the initial reimbursement right asset (arising from contractual terms with clients) relating to ABAs is treated for new contracts won. Under the old policy, any actuarial differences between the transferring assets and benefits granted at the start of a new contract were recognised in the Statement of Other Comprehensive Income. Subsequent changes in the financial position of any ABA with a right for Liberata to recover deficits from the client were recognised also in the Statement of Other Comprehensive Income. Under the new policy, neither any amount related to profit or loss nor any amount related to other comprehensive income is recognised at the start of a new contract. Subsequent changes in the value of reimbursement rights will be recognised in accordance with the IAS 19. This new treatment reflects the fact that we would only ever offer Local Government Pension Schemes on new contracts if the scheme is fully funded at the start of a new contract and the client is responsible for all past service costs accrued before the contract start date.

As for the previous year, subsequent changes in the fair value of the employee benefit reimbursement rights asset are recognised immediately in the statement of other comprehensive in come to the extent that they relate to actuarial gains and losses in the defined benefit scheme to which the reimbursement right asset relates.

This reimbursement rights asset is disclosed within current assets in the statement of financial position.

Although the Company accounts for its Admitted Body Arrangements as defined benefit schemes this is not intended to imply any admission of liability on behalf of the Company for any eventual deficit which may exist at the point of termination of the relevant contract.

For further details see note 22.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2017

1 STATEMENT OF COMPLIANCE AND ACCOUNTING POLICIES (continued)

ACCOUNTING POLICIES (continued)

(c) Significant accounting policies (continued)

Taxation

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exceptions:

- When the deferred tax liability arises from the initial recognition of goodwill or 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

Deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date. Deferred income tax assets and liabilities are offset, only if a legally enforcement right exists to set off current tax assets against current tax liabilities, the deferred income taxes relate to the same taxation authority and that authority permits the company to make a single net payment.

Income tax is charged or credited to other comprehensive income if it relates to items that are charged or credited to other comprehensive income. Similarly, income tax is charged or credited directly to equity if it relates to items that are credited or charged directly to equity. Otherwise income tax is recognised in the income statement.

Government grants

Government grants are recognised when it is reasonable to expect that the grants will be received and that all related conditions will be met, usually on submission of a valid claim for payment. Government grants in respect of capital expenditure are credited to the fixed assets account and are released by equal annual amounts over the expected useful lives of the relevant assets. Grants of a revenue nature are credited to income so as to match them with the expenditure to which they relate.

Non-recurring items

The Company presents as exceptional items those material items of income and expense which, because of the nature and expected infrequency of the events giving rise to them, merit separate presentation to allow shareholders to understand better the elements of financial performance in the year, so as to facilitate comparison with prior periods and to assess better trends in financial performance.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2017

1 STATEMENT OF COMPLIANCE AND ACCOUNTING POLICIES (continued)

ACCOUNTING POLICIES (continued)

(c) Significant accounting policies (continued)

IFRS Standards not yet adopted

The following new and amended accounting standards have been issued by the IASB and are likely to affect future financial statements.

IFRS 15 'Revenue from contracts with customers' was issued in May 2014 and will be implemented by the Company from 1 January 2018. The Standard provides a single, principles-based approach to the recognition of revenue from all contracts with customers. It focuses on the identification of performance obligations in a contract and requires revenue to be recognised when or as those performance obligations are satisfied.

IFRS 9 'Financial instruments' was issued in its final form in July 2014 and will be implemented by the Company from 1 January 2018. The Standard will replace the majority of IAS 39 and covers the classification, measurement and de recognition of financial assets and financial liabilities, impairment of financial assets and provides a new hedge accounting model.

IFRS 16 'Leases' was issued in January 2016 and will be implemented by the Company from 1 January 2019. The Standard will replace IAS 17 'Leases' and will require lease liabilities and 'right of use' assets to be recognised on the balance sheet for almost all leases.

The Company has a plan for implementing these new standards and is in the final stages of assessing the potential impact of the new IFRS.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2017

2 TURNOVER

Turnover in respect of services represents the right to consideration by reference to the performance of the company's obligations under its contracts and is stated net of VAT. Amounts are accrued or deferred if amounts invoiced are less than or exceed the revenue earned as required by IAS 18. For long term contracts accounted for under paragraph 20 of IAS 18, turnover is recognised in line with forecast costs to complete. An adjustment is made where appropriate to reflect the stage of completion of the contracted service delivery.

TURNOVER

Analysis of revenue by category:

	2017 £000	2016 £000
Business Process outsourcing	62,543	63,422
Turnover from continuing operations	62,543	63,422
Turnover for the year	**62,543**	**63,422**

No revenue was derived from exchange of goods or services (2016: nil).

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2017

3 INFORMATION REGARDING DIRECTORS AND EMPLOYEES

Remuneration of Directors

The total amounts for Directors' remuneration and other benefits were as follows:

	2017 £000	2016 £000
Directors' emoluments:	505	1,954
Pension contributions	22	29
Compensation for loss of office	-	-
	527	**1,983**
Remuneration of the highest paid director:		
Emoluments	283	1,491
Pension contributions	9	20
	292	**1,511**

Remuneration for three of the six directors of the company is paid for by a related party. It is not practical to determine the proportion of their emoluments which relate to their services as directors of this company.

During the year, two of the Directors were members of the defined contribution scheme (2016: two).

Staff numbers and costs

The average monthly number of people (including Directors) employed by the company during the year was:

	2017 Number	2016 Number
Operations	1,349	1,361
Administration	54	58
	1,403	**1,419**

Staff costs incurred during the year in respect of these employees were:

	2017 £000	2016 £000 (Restated)
Wages and salaries	30,900	31,487
Social security costs	2,800	2,792
Pension and other costs	3,104	2,331
	36,804	**36,610**

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2017

4 OPERATING PROFIT

Operating profit is stated after charging:

	2017 £000	2016 £000
Depreciation and other amounts written off tangible fixed assets:		
Owned	340	107
Leased	13	13
Amortisation of other Intangibles	655	213
Loss on disposal of tangible fixed assets	187	21
Hire of plant and machinery under operating leases	21	35
Hire of land and buildings under operating leases	1,954	2,345
Total lease payments recognised in the income statement	**1,975**	**2,380**
Amounts receivable by the auditors and their associates in respect of:		
Deloitte LLP (Ernst &Young LLP in 2016)		
Audit of these financial statements	172	200
	172	**200**

The company has taken advantage of the exemption not to disclose amounts paid for non-audit services as these are disclosed in the group financial statements of its parent Outsourcing UK Limited.

5 INTEREST RECEIVABLE AND SIMILAR INCOME

	2017 £000	2016 £000
Bank interest and other interest receivable	2	25
	2	**25**

6 INTEREST PAYABLE AND SIMILAR CHARGES

	2017 £000	2016 £000
Finance charges payable in respect of finance leases	(4)	(5)
	(4)	**(5)**

7 OTHER NET FINANCE COST

	2017 £000	2016 £000
Unwinding of discount on provisions	(75)	(89)
Net pension finance income	(323)	(175)
	(398)	**(264)**

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2017

8 TAXATION

(a) Tax charged in the income statement	2017 £000	2016 £000 (Restated)
UK corporation tax		
Current tax charge on income for the year	-	-
Adjustments in respect of prior years	-	-
	-	-
Deferred tax		
Current year	172	696
Adjustments in respect of prior years	(16)	30
Effect of changes in tax rate	(20)	156
Total deferred tax expense	136	882
Tax expense in income statement	**136**	**882**

The tax expense in the income statement is disclosed as follows:

Income tax expense on continuing operations	136	882
Income tax expense on discontinued operations	-	-
Tax expense in income statement	**136**	**882**

(b) Tax charged or credited to other comprehensive income

Current tax:		
Tax on defined benefit pension plans	275	5
Total current income tax	275	5
Deferred tax:		
Actuarial gains on defined benefit pension plans	-	-
Change in tax laws and rates	-	-
Total deferred tax	-	-
Tax expense in the statement of other comprehensive income	**275**	**5**

(c) Factors affecting the tax charge for the year
The tax assessed for the year is lower (2016: higher)than the standard rate of corporation tax in the UK of 19.25% (2016: 20%)

The differences are explained below:	2017 £000	2016 £000 (Restated)
Current tax reconciliation		
Profit from continuing operations before taxation	2,274	2,845
Profit from discontinued operations before taxation	-	-
Profit on ordinary activities before tax	2,274	2,845
Current tax at 19.25% (2016: 20%)	438	569
Effects of:		
Other expenses not deductible for tax purposes	31	311
Transfer pricing adjustments	-	184
Effects of group relief/ other reliefs	(297)	(168)
Adjustments in respect of prior years	(16)	30
Change in tax laws and rate	(20)	156
Amounts not recognised	-	(200)
Total tax expense reported in the income statement	**136**	**882**

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2017

8 TAXATION (continued)

(d) Provision for deferred tax	**2017**	**2016**
	£000	**£000**
Deferred tax asset		**(Restated)**
Decelerated capital allowances	2,501	2,706
Provision	27	-
Tax losses carried forward	-	80
Other temporary differences	-	154
Net deferred tax asset	**2,528**	**2,940**
Net deferred tax asset at start of year	**2,940**	**3,827**
Tax losses used	(80)	(696)
Adjustment in respect of prior years	16	(30)
Changes in tax laws and rates	20	(156)
Other movements	(92)	-
Deferred tax credit to income statement	**(136)**	**(882)**
Deferred tax credit to other comprehensive income	(275)	(5)
Net deferred tax asset	**2,528**	**2,940**

At the balance sheet date there were no unrecognised accelerated capital allowances and unrecognised tax losses.

(e) Change in Corporation Tax rate

The UK Finance Bill 2015 was enacted in November 2015 reducing the standard rate of corporation tax from 20% to 19% effective from 1 April 2017 and the UK Finance Bill 2016 was enacted on 15 September 2016 reducing the standard rate of corporation tax further to 17% effective from 1 April 2020. Accordingly, relevant UK deferred tax balances at December 2016 have been stated at 17%, which is deemed to be prudent and to represent the substantively enacted rates at the balance sheet date.

On a pro rata basis, therefore, the standard rate applied in the above reconciliation (a) and (b) of note 9 is 19.25%.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2017

9 INTANGIBLE ASSETS

	Computer software £000	Development costs £000	Total £000
Cost			
At 01 January 2017	1,083	1,224	**2,307**
Additions	671	865	**1,536**
Transfers	2,032	(2,032)	**-**
At 31 December 2017	**3,786**	**57**	**3,843**
Amortisation and impairment			
At 01 January 2017	227	-	**227**
Amortisation during the year	655	-	**655**
At 31 December 2017	**882**	**-**	**882**
Carrying amount:			
At 31 December 2017	**2,904**	**57**	**2,961**
At 01 January 2017	**856**	**1,224**	**2,080**

10 TANGIBLE FIXED ASSETS

	Computer Hardware £000	Fixtures, fittings & equipment £000	Total £000
Cost			
At 01 January 2017	75	3,287	**3,362**
Additions	459	796	**1,255**
Disposals	-	(449)	**(449)**
At 31 December 2017	**534**	**3,634**	**4,168**
Depreciation			
At 01 January 2017	2	2,615	**2,617**
Charge for the year	123	230	**353**
Disposals	-	(262)	**(262)**
At 31 December 2017	**125**	**2,583**	**2,708**
Net book value			
At 31 December 2017	**409**	**1,051**	**1,460**
At 01 January 2017	**73**	**672**	**745**

Included in the net book value of Fixtures, fittings & equipment (F,F&E) is £41,383 (2016: £54,805 in F,F&E) in respect of assets held under finance leases. Depreciation for the period on these assets was £13,422 (2016: £13,196).

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2017

11 INVESTMENTS HELD AS FIXED ASSETS

	Shares in subsidiary undertakings
Cost and net book value	**£000**
At 01 January 2017	1
Additions	-
At 31 December 2017	1

The company directly owns the entire share capital of the following companies, all registered in England and Wales and having the following principal activities:

(a) DIRECT INVESTMENTS

Subsidiary undertaking	Principal Activity	2017 Holding of ordinary shares and % of voting rights	2016 Holding of ordinary shares and % of voting rights
Capacitygrid Ltd	Consultancy services	100%	100%

Registered address
5th Floor Knollys House,
17 Addiscombe Road,
Croydon,
CR0 6SR

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2017

12 DEBTORS

	Note	2017 £000	2016 £000
Trade receivables		2,820	1,817
Amounts owed to group undertakings		(1)	(1)
Other taxation and social security costs		24	32
Other debtors		22	13
Reimbursement rights asset	22	12,296	11,826
Prepayments and accrued income		3,843	4,258
		19,004	**17,945**

Trade receivables are non-interest bearing and generally on terms of 30 days.

13 CREDITORS: Amounts falling due within one year

	Note	2017 £000	2016 £000
Trade creditors		2,469	3,387
Other taxation and social security costs		2,014	1,574
Other Creditors		290	311
Obligations under finance leases	18	13	12
Accruals & deferred income		4,392	5,845
		9,178	**11,129**

14 CREDITORS: Amounts falling due after more than one year

	Note	2017 £000	2016 £000
Obligations under finance leases	18	26	43
		26	**43**

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2017

15 PROVISIONS FOR LIABILITIES AND CHARGES

Company

	Property £000
At 01 January 2017	1,180
Effect of unwinding of discount rate on provision	75
New provisions and changes in estimates	365
Utilised during the year	(547)
Amounts released	(481)
At 31 December 2017	**592**

The dilapidations provision is in respect of make good dilapidations for property leases to return premises to the condition that they were in at lease commencement. The provision is assessed by our internal property services team and reviewed by senior management. It represents the current estimate of liabilities at the balance sheet date that are expected to crystallise over roughly the next 12 years.

16 CALLED UP SHARE CAPITAL

	2017 Number	2016 Number	2017 £000	2016 £000
£1 Ordinary Shares				
Authorised, allotted called up and fully paid:	2,000,000	2,000,000	2,000	2,000

17 COMMITMENTS

a) Operating leases

Future total commitments under non-cancellable operating leases are as follows:

	2017 Land and buildings £000	2017 Other £000	2016 Land and buildings £000	2016 Other £000
Future total commitments under non-cancellable operating leases are as follows:				
Fall due:				
Within one year	1,362	93	2,212	96
In the second to fifth years inclusive	4,557	111	4,502	3
After five years	3,141	-	1,234	-
	9,060	**204**	**7,948**	**99**

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2017

18 OBLIGATIONS UNDER FINANCE LEASES

Average term lease is 60 months	Note	2017 £000	2016 £000
Finance leases which expire:			
Within one year		16	16
In the second to fifth years inclusive		28	48
Minimum lease payments		**44**	**64**
Less: finance charges allocated to future periods		(5)	(9)
		39	**55**
Finance lease contracts are analysed as follows:			
Current obligations	13	13	12
Non-current obligations	14	26	43
		39	**55**

19 RELATED PARTY DISCLOSURES

The company has taken advantage of the exemption contained in paragraphs 8 and 9 of FRS 101 and has therefore not disclosed transactions or balances with entities which are wholly owned subsidiaries.

20 CONTINGENT ASSETS AND LIABILITIES

There are contingent liabilities in respect of performance bonds and guarantees under contractual agreements entered into by the company in the normal course of business.

21 DIVIDENDS

Liberata UK Limited did not pay any dividends during 2017, although in the previous year of 2016 Liberata UK Limited declared and paid dividends of £34,855,087.81 (£17.43 per share) to its former shareholder during that period, Ardbid Limited.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2017

22 PENSION SCHEMES

Defined Contribution Scheme

The Company operates a defined contribution pension scheme, membership of which is open to all employees. Employer contributions for the year amounted to £1,049,000 (2016: £924,000) and are recognised in the profit and loss account. Employer contributions outstanding to the scheme at 31 December 2017 were £82,000 (2016: £77,000). It is estimated that the Company will make £1,100,000 of employer contributions in the forthcoming financial year.

Defined Benefit Pension Schemes

The Company does not operate any defined benefit pension schemes. The Company does, however, contribute to a number of Admitted Body Arrangements ('ABAs') that are part of the Local Government Pension Scheme.. These arrangements are treated as defined benefit pension schemes within these financial statements.

Contributions to the ABAs treated as defined benefit pension schemes for the year ended 31 December 2017 were £1,372,000 (2016: £1,390,000).

The Company is due to contribute to these schemes over the next year at rates between 0% and 22.3% of salaries. The Company expects to contribute more than £1,592,000 to its ABAs in the next financial year. The increase in the 2018 employers' contributions will be due to contributing one year to the seventh admitted body arrangement instead of only the three months contributed in 2017.

In some cases the Company has a right of reimbursement in respect of certain assets or liabilities arising from its participation in ABAs. Where this is the case the Company recognises an employee benefits reimbursement right asset.

The average weighted duration for all ABAs is 20 years. The individual durations of each scheme range from 19 to 23 years.

ABA Exit Promise

The exit promise relates to a funding surplus on some of the ABA schemes that the Company has no contractual right to at the time of exit from the contract.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2017

22 (a) Amounts recognised in the financial statements

	Present value of liabilities		Fair value of plan assets		Net defined liability	
	2017	2016	**2017**	2016	**2017**	2016
	£'000	£'000	**£'000**	£'000	**£'000**	£'000
Balance at 1 January	**(75,501)**	**(39,817)**	**63,434**	**36,505**	**(12,067)**	**(3,312)**
Taken to the income statement:						
Operating costs:						
Current service cost	**(2,469)**	(1,705)	-	-	**(2,469)**	(1,705)
Administrative costs	-	-	**(32)**	(32)	**(32)**	(32)
Bulk transfer in of assets	-	-	**5,455**	13,846	**5,455**	13,846
Value of benefits granted	**(7,824)**	(15,773)	-	-	**(7,824)**	(15,773)
Past service costs including curtailments	-	(298)	-	298	-	-
Settlements	-	-	-	-	-	-
	(10,293)	(17,776)	**5,423**	14,112	**(4,870)**	(3,664)
Finance costs:						
Interest (cost)/income	**(2,072)**	(2,134)	**1,749**	1,959	**(323)**	(175)
	(2,072)	(2,134)	**1,749**	1,959	**(323)**	(175)
Subtotal in income statement	**(12,365)**	(19,910)	**7,172**	16,071	**(5,193)**	(3,839)
Taken to other comprehensive income:						
Actuarial gains/(losses) arising from:						
- demographic assumptions	-	189	-	-	-	189
- financial assumptions	**1,526**	(19,336)	-	-	**1,526**	(19,336)
- experience assumptions	**418**	2,634	-	-	**418**	2,634
Change in value of exit promise	-	-	**(5,655)**	670	**(5,655)**	670
Return on plan assets excluding interest	-	-	**7,228**	9,537	**7,228**	9,537
Sub-total in other comprehensive income	**1,944**	(16,513)	**1,573**	10,207	**3,517**	(6,306)
Employer contributions	-	-	**1,372**	1,390	**1,372**	1,390
Member contributions	**(478)**	(472)	**478**	472	-	-
Benefits paid	**1,927**	1,211	**(1,927)**	(1,211)	-	-
Contract bulk transfers	-	-	-	-	-	-
Balance at 31 December	**(84,473)**	**(75,501)**	**72,102**	**63,434**	**(12,371)**	**(12,067)**

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2017

22 (b) Net pension position

Reconciliation to the balance sheet	2016 £000	2016 £000
Reimbursement rights assets (see note 12)	12,296	11,826
Net pension liabilities	(12,371)	(12,067)
Net pension position per contract terms	**(75)**	**(241)**

22 (c) *Actuarial assumptions for ABAs*

The principal assumptions used by the independent qualified actuaries in updating the latest valuations of each of the schemes for IAS 19 purposes were:

	As at 31 December 2017 (% p.a.)	As at 31 December 2016 (% p.a.)
Main financial assumptions		
Rate of increase in salaries	n/a	n/a
Rate of increase in pensions in payment subject to RPI	n/a	n/a
Rate of increase in pensions in payment subject to CPI	n/a	2.3
Discount rate	2.6	2.7
Rate of price inflation (RPI)	3.2	3.3
Rate of price inflation (CPI)	2.1	2.3

The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard actuarial mortality tables and include an allowance for future improvements in longevity. The assumptions are equivalent to expecting a 65 year-old to live for a number of years as follows:

Current pensioner aged 65:	22.3 - 23.3 years (male), 25.2 - 25.8 years (female)
Future retiree upon reaching 65:	24.7 - 25.7 years (male), 27.7 - 28.7 years (female)

22 (d) Reconciliation of funded status to balance sheet for ABA Schemes

	As at 31 December 2017	As at 31 December 2016
Liberata's notional assets in the pension schemes through the admitted bodies	**Value £000**	**Value £000**
Equities	54,638	48,063
Government Bonds	533	1,701
Other Bonds	6,915	1,871
Property	5,785	5,455
Other	19,910	16,368
Total fair value of assets before reimbursement rights and exit promise	**87,781**	**73,458**
Present value of scheme liabilities on FRS 17 basis	(84,473)	(75,501)
Surplus /(deficit) in the scheme	**3,308**	**(2,043)**
Value of exit promise	(15,679)	(10,024)
(Deficit) before reimbursement rights asset	**(12,371)**	**(12,067)**
Reimbursement rights asset	12,296	11,826
Net pension liability	**(75)**	**(241)**

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2017

23 ULTIMATE PARENT COMPANY

The Company is a subsidiary undertaking of Outsourcing UK Limited, a company incorporated in England and Wales. The smallest group into which results of the Company are consolidated is that headed by Outsourcing UK Limited. The largest group of which the results of the Company are consolidated is that headed by Outsourcing Inc., the ultimate parent company and incorporated in Japan. The consolidated financial statements of the Group are available to the public and may be obtained from its registered office, 19F Marunouchi Trust, Tower Main, 1-8-3 Marunouchi, Chiyoda-Ku,Tokyo, JAPAN, 100-0005.

24 CAPITAL MANAGEMENT

For the purpose of Liberata's capital management, capital includes issued capital, share premium and all other equity reserves attributable to the equity holders of the parent. The primary objective of Liberata's capital management is to maximise the shareholder value.

No changes were made in the objectives, policies or processes for managing capital during the year ending 31 December 2017.

25 CHANGES IN POLICY

For certain new contracts, Liberata is required to offer a local government pension to employees transferring under the terms of the outsourcing agreement and Liberata is admitted to the Local Government Pension Fund as a time limited employer. At the start of the contract, a share of pension assets and liabilities, (being a portion of the multi-employer plan) are allocated to Liberata based on actuarial assumptions and measured on a funding basis. The assets allocated to Liberata will usually equal an estimate of the liabilities transferring to Liberata.

Under the terms of the contract with clients, the client is responsible for any deficits which exist at the contract end date or contract termination point. In order to reflect the economic substance, a reimbursement right is recognised based on the service contract with the client. The reimbursement right is measured on initial recognition as the difference between the net pension liability recognised and measured in accordance with IAS 19 and the assets and liabilities allocated to Liberata based on funding valuation and actuarial assumptions.

Previously, these reimbursement rights were recognised along with a charge in profit and loss and a credit to other comprehensive income. Management have reconsidered the accounting policy and believe it is more appropriate not to recognise such amounts in profit or loss or other comprehensive income at the start of the new contract. The prior year comparatives have been restated to reflect this revised policy.

Subsequent changes in the value of reimbursement rights will continue to be recognised in accordance with IAS 19.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2017

25 CHANGES IN POLICY (*Continued*)

The impact of the restatement is as follows:

	2016		
	Old policy	**Adjustments**	**New policy**
	£'000	£'000	£'000
Wages and salaries	31,487	-	31,487
Social security costs	2,792	-	2,792
Pensions	4,258	(1,927)	2,331
Employee costs	**38,537**	**(1,927)**	**36,610**
Profit before interest and tax	1,162	1,927	3,089
Interest	(244)	-	(244)
Profit before tax	**918**	**1,927**	**2,845**
Tax	(555)	(328)	(882)
Profit for the year	**364**	**1,599**	**1,963**
Actuarial gains	1,957	(1,927)	30
Deferred tax	(333)	328	(5)
Total comprehensive income	**1,988**	-	**1,988**

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

C E Bruin	Chief Executive Officer	
R D Price	Chief Financial Officer	
M Motegi	Director	
K Suzuki	Director	
Y Ono	Director	(appointed 1st February 2017)
A L Wood	Director	(appointed 1st February 2017)

COMPANY SECRETARY

P C Mills

REGISTERED OFFICE

5th Floor
Knollys House
17 Addiscombe Road
Croydon
CR0 6SR

BANKERS

Barclays Bank Plc
UK Banking
1 Churchill Place
London
E14 5HP

AUDITORS

Deloitte LLP
Statutory Auditor
2 New Street Square
London
EC4A 3BZ
United Kingdom

REGISTERED NUMBER

01238274

DISCLAIMER

The statements made in this report about Liberata UK Limited's financial condition, results, strategy and operations are forward-looking statements which reflect the assumptions of the management team based on the information available to them now.

There are a number of factors, risks and uncertainties which could cause the actual results and performance of the Company to be materially different from those expressed or implied by the forward-looking statements made in this report. This report is not, and should not be regarded as a profit forecast and the Company and its management accept no liability to third parties for the contents of this report other than as would arise generally under English law.