Company Registration No. 02018542 (England and Wales)

CAPITA PROPERTY AND INFRASTRUCTURE LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

CAPITA PROPERTY AND INFRASTRUCTURE LIMITED

COMPANY INFORMATION

Directors	O L Wildgoose	
	N Garfield	
	D J Spencer	
	C S Nunn on behalf of Capita Corporate Director Limited	
	G Shilston	(Appointed 1 June 2021)
	P S Abraham	(Appointed 8 September 2021)
Secretary	Capita Group Secretary Limited	
Company number	02018542	
Registered office	65 Gresham Street London England EC2V 7NQ	
Auditor	KPMG LLP 15 Canada Square London E14 5GL	
Banker	Barclays Bank PLC 1 Churchill Place London E14 5HP	

CAPITA PROPERTY AND INFRASTRUCTURE LIMITED

CONTENTS

CONTENTS

CAPITA PROPERTY AND INFRASTRUCTURE LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

The Directors present their Strategic report and financial statements for the year ended 31 December 2021.

Review of the business

Capita Property and Infrastructure Limited ("the Company") is a wholly owned subsidiary (indirectly held) of Capita plc. Capita plc along with its subsidiaries are hereafter referred to as "the Group". The Company operates within the Capita Portfolio division.

The principal activity of the Company continued to be that of providing a comprehensive range of property and infrastructure-related professional services across building design, engineering and technology, cost and project management and real estate services, across both public and private sectors. There have not been any significant changes in the Company's principal activities in the year under review. The Directors are not aware, at the date of this report, of any likely major changes in the Company's activities in the next year.

The Company is a partner in a Joint Venture, Capita Glamorgan Consultancy Limited. It has been discovered, while producing the 2021 financial statements that the Company was entitled to receive dividend from Capita Glamorgan Consultancy Limited in accordance with the terms and conditions of the Joint Venture agreement. However, the Company had inadvertently not recorded for such dividend in the financial statements in the prior periods.

Also as part of their contract profitability and balance sheet review, management identified an error that resulted in the over recognition of revenue and accrued income in prior periods on a contract. This error has been corrected by reducing revenue in the prior year with a corresponding reduction in accrued income.

The management of the Company reviewed and concluded that the financial statements of 2020 should be restated to correct both of these errors (Refer note 29)

On 1 January 2022, in accordance with the terms of the business and asset transfer agreement, the Company transferred its business and assets relating to the Real Estate and Infrastructure business and associated services, to Capita (Real Estate & Infrastructure) Limited for a consideration equal to the book value of the business and assets based on the balance sheet as at 31 December 2021, after deduction of the liabilities and such consideration was kept payable as part of the intragroup loan account. (Refer note 25)

As shown in the Company's income statement on page 12, the Company's revenue has increased from £104,028,893 (restated) in 2020 to £106,773,794 in 2021 and the result of the Company has improved from an operating profit of £6,236,813 (restated) in 2020 to £6,963,348 in 2021.

The balance sheet on page 14 and 15 of the financial statements shows the Company's financial position at the year end. Net assets have increased from £56,109,404 (restated) in 2020 to £63,506,480 in 2021. Details of amounts owed by/to its parent Company and fellow subsidiary undertakings are shown in notes 14, 16 and 24 to the financial statements.

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

Principal risks and uncertainties

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

The principal themes of risk for the Company are:

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

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

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

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

Section 172 Statement

Capita plc's section 172 statement applies to both the Division and the Company to the extent it relates to the Company's activities. Common policies and practices are applied across the Group through divisional management teams and a common governance framework. The following disclosure describes how the Directors have regard to the matters set out in section 172(1a) to (f) and forms the Directors' statement as required under section 414CZA of the Companies Act 2006.

Further details of the Group's approach to each stakeholder are provided in Capita plc's section 172 statement on pages 40-41 of Capita plc's 2021 Annual Report.

Our People	
Why they are important	They deliver our business strategy; they support the organisation to build a values-based culture; and they deliver our products and services ensuring client satisfaction.
What matters to them?	Flexible working, learning and development opportunities leading to career progression, fair pay and benefits as a reward for performance, two-way communication, and feedback.
How we engaged?	People surveys, regular all-employee communications, employee director participation in Board discussions, employee focus groups and network groups and workforce engagement on remuneration.
Topics of Engagement	Protection of employees during Covid-19, human resources policies during Covid-19, future ways of working as a result of Covid-19, and creating an inclusive workplace.
Outcomes and actions	Issue of Capita-specific Covid-19 guidance and regular updates; new and temporary HR policies; increased provision and support for employee wellbeing and flexible working; and simplification of property portfolio and office space.
Risks to stakeholder relationship	Our ability to recruit due to the global economic bounceback, our ability to retain people, impacting the quality of service we can provide and our ability to change our culture and practices in line with our responsible business agenda.
Key Metrics	Employee net promoter score, people survey completion level.

Section 172 Statement (continued)

Clients and Customers	
Why they are important	They are recipients of Capita's services; and Capita's reputation depends on delighting them.
What matters to them?	High-quality service delivery; delivery of transformation projects within agreed timeframes; rapid response to support pandemic planning; and responsible and sustainable business credentials.
How we engaged?	Client meetings and surveys, Regular meetings with government and annual review with Cabinet Office and Created a senior client partner programme giving an experienced, single point of contact for key clients and customers
Topics of Engagement	Remote working on client services as a result of Covid-19, current service delivery, possible future services, co-creation of client value propositions.
Outcomes and actions	Feedback provided to business units to address any issues raised, client value propositions team supporting divisions with cocreation ideas; and senior client partner programme undertaking client-focused growth sprints to build understanding of client issues and ideas to help address them.
Risks to stakeholder relationship	Loss of business by not providing the services they want, damage to reputation by not delivering to their requirements
Key Metrics	Customer NPS; specific feedback on client engagements.
Supplier and Partners	
Why they are important	They share our values and help us deliver our purpose; maintain high standards in our supply chain; and achieve social, economic and environmental benefits aligned to the Social Value Act.
What matters to them?	Payments made within agreed payment terms, clear and fair procurement process, building lasting commercial relationships, and working inclusively with all types of business.
How we engaged?	Supplier meetings throughout source to procure process, regular reviews with suppliers, supplier questionnaires and risk assessments.
Topics of Engagement	Supplier payments, sourcing requirements, supplier performance, and the Supplier Charter.
Outcomes and actions	Alignment of payments with agreed terms; supplier feedback on improvements to procurement process; improvement plans and innovation opportunities; and improved adherence to supplier charter.
Risks to stakeholder relationship	Environmental issues, commitment to tackling net zero, supply chain resilience
Key Metrics	Percentage of supplier payments within agreed terms; supplier relationship management feedback score; SME spend allocation; and supplier diversity profile

Section 172 Statement (continued)

Society Why they are important	Capita is a provider of key services to government impacting a large proportion of the population.
What matters to them?	Social mobility, youth skills and jobs; digital inclusion; diversity and inclusion; climate change; business ethics and accreditations and benchmarking.
How we engaged?	Membership of non-governmental organisations, and charitable and community partnerships.
Topics of Engagement	Youth employment, tackling digital exclusion, workplace inequalities, and Climate change.
Outcomes and actions	Publication of net zero carbon emissions plan; real living wage accreditation; youth and employability programme; and commitments to tackle racism and enhance ethnic diversity.
Risks to stakeholder relationship	Lack of understanding of the issues important to them and insufficient communication or involvement in shaping and influencing strategies and plans
Key Metrics	Percentage reduction in carbon footprint, amount of community investment, and responsible business report 2020: capita.com/responsiblebusiness.

On behalf of the board

D J Spencer

Director

26 July 2022

CAPITA PROPERTY AND INFRASTRUCTURE LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

The Directors present their Directors' report and financial statements for the year ended 31 December 2021.

Results and dividends

The results for the year are set out on page 12 to 13.

During the year, the Company did not propose or pay any dividend (2020: £nil).

Directors

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

O L Wildgoose	
N Garfield	
D J Spencer	
C S Nunn on behalf of Capita Corporate Director Limited	
S Freeman	(Resigned 14 May 2021)
T L G Trevorrow	(Resigned 12 January 2022)
G Shilston	(Appointed 1 June 2021)
P S Abraham	(Appointed 8 September 2021)

Disabled persons

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

Employee involvement

The Company participates in the Group's policies and practices to keep employees informed on matters relevant to them as employees through regular meetings, newsletters, email notices and intranet communications. These communication initiatives enable employees to share information within and between business units and employees are encouraged, through an open door policy, to discuss with management matters of interest to the employee and subjects affecting day to day operations of the Company. The Group's share incentive plan is designed to promote employee share ownership and to give employees the opportunity to participate in the future success of the Group.

Environment

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

Auditor

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

Political donations

The Company made no political donations nor incurred any political expenditure during the year (2020: £nil).

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

The Directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework.*

Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the income statement of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the ompany or to cease operations,or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Statement of disclosure to auditor

Each Director in office at the date of approval of this annual report confirms that:

- so far as the irector is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the irector has taken all the steps that he / she ought to have taken as a Director in order to make himself / herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Qualifying 3rd party indemnity provisions

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

On behalf of the board

D J Spencer
Director
26 July 2022

Registered office address
65 Gresham Street
London
England
EC2V 7NQ

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF CAPITA PROPERTY AND INFRASTRUCTURE LIMITED

Opinion

We have audited the financial statements of Capita Property and Infrastructure Limited ("the Company") for the year ended 31 December 2021 which comprise the Income Statement, Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 ; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Material uncertainty related to going concern

We draw attention to note 1.1 to the financial statements which indicates that the Company is reliant on its ultimate parent undertaking, Capita plc, in regard to its ability to continue as a going concern. The most recent financial statements of Capita plc include material uncertainties that may cast significant doubt on its ability to continue as a going concern. The reliance of the Company on Capita plc accordingly means that these events and conditions constitute a material uncertainty that may cast significant doubt on the Group's and in turn, the Company's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

Going concern basis of preparation

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic for the period to 31 August 2023 ("the going concern period"). As stated above, they have also concluded that there is material uncertainty related to going concern.

We used our knowledge of the Company, its industry, and the general economic environment to identify the inherent risks to its business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

The risk that we considered most likely to adversely affect the Company's available financial resources over this period was the extent to which the Company is reliant on its ultimate parent undertaking, Capita plc ("the Group"), which is driven by the following factors:

- The Company's participation in the Group's notional cash pooling arrangements;
- The significant level of intercompany receivables from fellow Group undertakings;
- The level of administrative support services received from the Group;
- The Company receives revenue from other Group entities or key contracts that may be terminated in the event of default by the Group; and
- The Company forms part of a group of subsidiary companies owned directly or indirectly by Capita plc, each of which guarantee the obligations under certain funding arrangements of Capita plc

We considered whether these risks could plausibly affect the liquidity in the going concern period.

Our procedures including assessing the financial position of Capita plc to determine there was a risk that it would not be able to provide support to the Company. The most recent Capita plc financial statements have identified material uncertainties which reflect the risk associated with the Group's planed refinancing and disposal programme. These transactions are outside of Capita plc's control and represent material uncertainties that may cast significant doubt on its ability to continue as a going concern should these events not complete as planned, and therefore that Capita plc may be unable to realise its assets and discharge its liabilities in the normal course of business. Given the reliance that the Company has on Capita plc, as set out above, this material uncertainty gives rise to a material uncertainty of the Company.

We considered whether the going concern disclosure in note 1.1 to the financial statements gives a full and accurate description of the director's assessment of going concern, including the identified risks and dependencies.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we found the going concern disclosure in note 1.1 to be acceptable.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors, internal audit and inspection of policy documentation as to the Company's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Company's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board Meeting minutes.
- Considering the remuneration incentive schemes and performance targets for management and directors including the short-term incentive plan and long-term incentive plan for management remuneration.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards and taking into account possible pressures to meet profit and revenue targets, we perform procedures to address the risk of management override of controls and risk of fraudulent revenue recognition. In particular, the risk that management may be in a position to make inappropriate accounting entries for long-term contracts, and the risk of bias in accounting estimates and judgements such as contract modifications and terminations.

We did not identify any additional fraud risks.

Fraud and breaches of laws and regulations – ability to detect (continued)

We performed procedures including:

- Identifying journal entries and other adjustments to test, based on risk criteria and comparing the identified entries to supporting documentation. These included those posted by senior finance management and those posted to unusual accounts.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors and other management (as required by auditing standards), and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation, and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: data protection laws, anti-bribery, employment law, and certain aspects of company legislation recognising the nature of the Company's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Strategic report and Directors' report

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

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

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

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 6, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

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

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

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

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

26 July 2022

CAPITA PROPERTY AND INFRASTRUCTURE LIMITED

INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 £	Restated* 2020 £
Revenue	3	106,773,794	104,028,893
Cost of sales		(86,756,993)	(89,558,347)
Gross profit		**20,016,801**	**14,470,546**
Administrative expenses		(13,053,453)	(8,233,733)
Operating profit	**4**	**6,963,348**	**6,236,813**
Other income	5	958,115	1,010,721
Impairment		-	(51,011)
Net finance cost	6	(106,796)	(137,579)
Profit before tax		**7,814,667**	**7,058,944**
Income tax expense	8	(574,919)	(1,256,570)
Total profit for the year		**7,239,748**	**5,802,374**

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

*For details of restated 2020 balances, please refer to note 29.

The notes on pages 17 to 57 form an integral part of these financial statements.

CAPITA PROPERTY AND INFRASTRUCTURE LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021	2020
		£	£
Profit for the year		7,239,748	5,802,374
Other comprehensive income/(expense):			
Items that will not be reclassified subsequently to income statement:			
Actuarial gain/(loss) on defined benefit pension schemes	**22**	195,000	(130,000)
Income tax effect	**8**	(37,050)	4,500
Other comprehensive income/(expense) for the year, net of tax		157,950	(125,500)
Total comprehensive income for the year, net of tax		**7,397,698**	**5,676,874**

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

The notes on pages 17 to 57 form an integral part of these financial statements.

CAPITA PROPERTY AND INFRASTRUCTURE LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2021

	Notes	2021 £	Restated* 2020 £
Non-current assets			
Property, plant and equipment	**9**	65,317	468,156
Intangible assets	**10**	5,144,122	42,617,969
Right-of-use assets	**11**	1,723,273	2,905,446
Contract fulfilment assets	**12**	715,380	894,182
Investments in subsidiaries	**13**	9,189,419	9,189,419
Trade and other receivables	**14**	301,832	403,800
Deferred tax	**8**	4,725,067	4,183,329
Retirement benefit surplus	**22**	1,025,000	850,000
		22,889,410	**61,512,301**
Current assets			
Trade and other receivables	**14**	26,184,826	28,725,148
Cash	**15**	316,768	8,737,560
Disposal group assets held-for-sale	**25**	46,600,527	-
		73,102,121	**37,462,708**
Total assets		**95,991,531**	**98,975,009**
Current liabilities			
Trade and other payables	**16**	12,357,037	21,589,886
Deferred income	**17**	8,101,737	8,077,456
Lease liabilities	**18**	1,160,090	702,355
Provisions	**19**	595,913	2,503,303
Income tax payable		1,876,307	1,315,413
Disposal group liabilities held-for-sale	**25**	5,509,822	-
		29,600,906	**34,188,413**
Non-current liabilities			
Deferred income	**17**	-	5,405,121
Lease liabilities	**18**	1,294,505	3,110,341
Provisions	**19**	1,589,640	161,730
		2,884,145	**8,677,192**
Total liabilities		**32,485,051**	**42,865,605**
Net assets		**63,506,480**	**56,109,404**

CAPITA PROPERTY AND INFRASTRUCTURE LIMITED

BALANCE SHEET (CONTINUED)

AS AT 31 DECEMBER 2021

	Notes	2021 £	Restated* 2020 £
Capital and reserves			
Issued share capital	**20**	1,475,933	1,475,933
Foreign currency translation reserve		840	1,462
Retained earnings		62,029,707	54,632,009
Total equity		**63,506,480**	**56,109,404**

*For details of restated 2020 balances, please refer to note 29.

The notes on pages 17 to 57 form an integral part of these financial statements

Approved by Board and authorised for issue on 26 July 2022

D J Spencer
Director

Company Registration No. 02018542

CAPITA PROPERTY AND INFRASTRUCTURE LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2021

	Share capital	Share premium	Foreign currency translation reserve	Retained earnings	Total equity
	£	£	£	£	£
At 1 January 2020	**1,475,933**	**55,923,274**	**8,274**	**(7,262,795)**	**50,144,686**
Impact of restatement (refer note 29)	-	-	-	294,656	294,656
At 1 January 2020 - Restated*	**1,475,933**	**55,923,274**	**8,274**	**(6,968,139)**	**50,439,342**
Profit for the year - restated*	-	-	-	5,802,374	5,802,374
Other comprehensive expense	-	-	-	(125,500)	(125,500)
Total comprehensive income for the year - Restated*	-	-	-	**5,676,874**	**5,676,874**
Contribution in respect of share based payment charge	-	-	-	80,191	80,191
Settlement of share based payment charged by intercompany	-	-	-	(80,191)	(80,191)
Transfer from share premium to retained earnings	-	(55,923,274)	-	55,923,274	-
Foreign exchange	-	-	(6,812)	-	(6,812)
At 31 December 2020 - Restated*	**1,475,933**	-	**1,462**	**54,632,009**	**56,109,404**
Profit for the year	-	-	-	7,239,748	7,239,748
Other comprehensive income	-	-	-	157,950	157,950
Total comprehensive income for the year	-	-	-	**7,397,698**	**7,397,698**
Contribution in respect of share based payment charge	-	-	-	(27,525)	(27,525)
Settlement of share based payment charged by intercompany	-	-	-	27,525	27,525
Foreign exchange	-	-	(622)	-	(622)
At 31 December 2021	**1,475,933**	-	**840**	**62,029,707**	**63,506,480**

* For details of restated 2020 balances, please refer to note 29.

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

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

  The Company has by special resolution dated 13 January 2020 reduced the share premium to £nil and credited the same to retained earnings.

- **Retained earnings** - Net profits kept to accumulate in the Company after dividends are paid and retained in the business as working capital.

The notes on pages 17 to 57 form an integral part of these financial statements.

1 Accounting policies

1.1 Basis of preparation

Capita Property and Infrastructure Limited is a Company incorporated and domiciled in the United Kingdom.

The financial statements are prepared under the historical cost basis except where stated otherwise and in accordance with applicable accounting standards.

These financial statements comprise the consolidated results and financial position of the main company: Capita Property and Infrastructure Limited, which is based in the UK; and, its branches (i) Capita Symonds (South Korea); and, (ii) Capita Symonds Libya, which has been dormant.

In determining the appropriate basis of preparation for the annual report and financial statements for the year ended 31 December 2021, the Company's Directors ("the Directors") are required to consider whether the Company can continue in operational existence for the foreseeable future, being a period of at least 12 months following the approval of these financial statements. The Directors have concluded that it is appropriate to adopt the going concern basis, having undertaken a rigorous assessment of the financial forecasts, key uncertainties, and sensitivities, as set out below.

Board assessment

Base case scenario

The financial forecasts used for the going concern assessment are derived from the 2022-2023 business plans ('BP') for the Company which have been subject to review and challenge by management and the Directors. The Directors have approved the projections. Under the base case scenario, completion of Capita plc's group wide transformation programme has simplified and strengthened the business and facilitates further efficiency savings enabling sustainable growth in revenue, profit, and cash flow over the medium term.

Severe but plausible downside

In addition to the base case, the Directors have also considered severe but plausible downside scenarios. The Directors have taken account of trading downside risks, which assume the Company is not successful in delivering the anticipated levels of revenue, profit, and cash flow growth. The downside scenario used for the going concern assessment also includes potential adverse financial impacts due to additional inflationary pressure which cannot be passed on the customers, not achieving targeted margins on new or major contracts, unforeseen operational issues leading the contract losses and cash outflows, and unexpected potential fines and losses linked to incidents such as data breaches and/or cyber-attacks.

Offsetting these risks the Directors have considered available mitigations within the direct control of the Company, including reductions to variable pay rises, setting aside any bonus payments and limiting discretionary spend.

Reliance on Capita plc ('the Group')

The Director's assessment of going concern has considered the extent to which the Company is reliant on the Group. The Company is reliant on the Group in respect of the following:

- provision of certain services, such as administrative support services and should the Group be unable to deliver these services, the Company would have difficulty in continuing to trade;
- participation in the Group's notional cash pooling arrangements, of which £913,655 was advanced to the Company as at 30 June 2022. In the event of a default by the Group, the Company may not be able to access its cash balance within the pooling arrangement;
- recovery of receivables of £69,241,236 from fellow Group undertakings as of 30 June 2022. If these receivables are not able to be recovered when forecast by the Company, then the Company may have difficulty in continuing to trade;
- additional funding that may be required if the Company suffers potential future losses; and
- revenue from other Group entities and key contracts that may be terminated in the event of a default by the Group.

1 Accounting policies **(Continued)**

1.1 Basis of preparation (continued)

Given the reliance the Company has on the Group, the Directors have considered the financial position of the ultimate parent undertaking as disclosed in its most recent consolidated financial statements, being for the year ended 31 December 2021.

Ultimate parent undertaking - Capita plc

The Capita plc Board ('the Board') concluded that it was appropriate to adopt the going concern basis, having undertaken a rigorous assessment of the financial forecasts, key uncertainties, and sensitivities, when preparing the Group's consolidated financial statements to 31 December 2021. These financial statements were approved by the Board on 9 March 2022 and are available on the Group's website (www.capita.com/investors). Below is a summary of the position at 9 March 2022:

Accounting standards require that 'the foreseeable future' for going concern assessment covers a period of at least twelve months from the date of approval of these financial statements, although those standards do not specify how far beyond twelve months a Board should consider. In its going concern assessment, the Board has considered the period from the date of approval of these financial statements to 31 August 2023, which is just less than eighteen months from the date of approval of the Group financial statements ('the going concern period') and which aligns with the expiry of the revolving credit facility (RCF). The Board has also considered any material committed outflows beyond this period in forming their assessment, including the extension of the RCF which is a key consideration.

The base case financial forecasts demonstrate liquidity headroom and compliance with all covenant measures throughout the going concern period to 31 August 2023.

The principal mitigation to the possibility of insufficient liquidity in the severe but plausible downside scenario is the continuation of the Board approved disposal programme which covers businesses that do not align with the Group's longer-term strategy. The Group has a strong track record of executing major disposals. In 2021, the Board targeted to achieve £700m of disposal proceeds by 30 June 2022 and will exceed this target on the completion of the announced disposal of Trustmarque and Speciality Insurance businesses. The disposal programme continues, with further disposal processes launched in early 2022. The Board is confident that the disposal programme will be delivered, thereby introducing substantial net cash proceeds to the Group, albeit with a corresponding removal of consolidated profits and cash flows associated with the disposal businesses.

In addition to the ongoing disposal programme, the Group may seek to mitigate the liquidity risks which might arise in the downside scenario by seeking further sources of financing beyond its existing committed funding facilities. The Board has been successful in obtaining new and extended financing facilities in recent years and an immediate mitigating action includes the extension of the current RCF which currently expires on 31 August 2023.

1 Accounting policies **(Continued)**

1.1 Basis of preparation (continued)

Material uncertainties related to the group:

The Board recognises that the disposal programme requires agreement from third parties and that major disposals may be subject to shareholder and, potentially, lender approval. Similarly, any new refinancing, including the extension of the RCF, requires agreement with lenders. Such agreements and approvals are outside the direct control of the Group. Therefore, given that some of the mitigating actions which might be taken to strengthen the Group's liquidity position in the severe but plausible downside scenario are outside the control of the Group, this gives rise to material uncertainties, as defined in accounting standards, relating to events and circumstances which may cast significant doubt about the Group's ability to continue as a going concern and to continue in operation and discharge its liabilities in the normal course of business.

Reflecting the Board's confidence in the benefits expected from the completion of the transformation programme and execution of the approved disposal programme coupled with the potential to obtain further financing beyond its existing committed funding facilities, the Group continues to adopt the going concern basis in preparing these financial statements. The Board has concluded that the Group will be able to continue in operation and meet their liabilities as they fall due over the period to 31 August 2023. Consequently, these financial statements do not include any adjustments that would be required if the going concern basis of preparation were to be inappropriate.

Conclusion :

Although the Company has a reliance on the Group as detailed above, even in a severe but plausible downside for both the Company and the Group, the Directors are confident the Company will continue to have adequate financial resources to continue in operation and discharge its liabilities as they fall due over the period to 31 August 2023 (the "going concern period"). Consequently, the annual report and financial statements have been prepared on the going concern basis.

However, as the Group's financial statements have identified material uncertainties giving rise to significant doubt over the Group's ability to continue as a going concern, given the Company's reliance on the Group as set out above, this in turn gives rise to a material uncertainty relating to events and circumstances which may cast significant doubt about the Company's ability to continue as a going concern and, therefore, that the Company may be unable to continue in operation and discharge its liabilities in the normal course of business. The financial statements do not include any adjustments which would be required if the going concern basis of preparation were to be deemed inappropriate.

1 Accounting policies **(Continued)**

1.2 Compliance with accounting standards

The Company has applied FRS101 – Reduced Disclosure Framework in the preparation of its financial statements. The Company has prepared and presented these financial statements by applying the recognition, measurement and disclosure requirements of international accounting standards in conformity with the requirements of the Companies Act 2006.

The Company's ultimate parent undertaking, Capita plc, includes the Company in its consolidated statements. The financial statements are prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and with UK-adopted International Financial Reporting Standards (IFRSs) and the Disclosure and Transparency Rules of the UK's Financial Conduct Authority. These are available to the public and may be obtained from Capita plc's website on https://www.capita.com/investors.

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

- A cash flow statement and related notes;
- Comparative period movements for share capital, tangible fixed assets and intangible assets;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of the compensation of key management personnel;
- Disclosures in respect of IFRS 9;
- Certain Disclosures in respect of IFRS 15; and
- Certain Disclosures in respect of IFRS 16.

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

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

1 Accounting policies **(Continued)**

1.3 Revenue recognition

The revenue shown in the profit and loss account represents the value of fees and services rendered, exclusive of value added tax. Revenue from the supply of services represents the value of services provided under contracts to the extent that there is a right to consideration which is recorded at the fair value of the consideration received or receivable. Revenue is recognised over time rather than a point in time.

The Company's preferred method of revenue recognition is the output method in which revenue is recognised based on the units of work performed and the price allocated thereto. This method is applied provided that the progress of the work performed can be measured based on the contract and during the contract's performance. Under the output method the units of work completed under each contract are measured monthly and the corresponding output is recognised as revenue. Where it is not practicable to apply this 'units of production' output method the percentage of completion method is used. Under this input method costs are recognised as incurred and revenue is recognised based on the proportion of total costs at the reporting date to the estimated total cost of the contract.

Principal and agent considerations:

Management have considered whether the Company acts as principal or agent for those contracts which involve another subcontracting party in the provision of goods or services to the customer.

An entity is a principal if it controls the specified good or service before that good or service is transferred to a customer. An entity that is a principal may satisfy its performance obligation to provide the specified good or service itself or it may engage another party (for example, a subcontractor) to satisfy some or all of the performance obligation on its behalf.

Capita has autonomy to select and appoint the subcontractors who perform the construction and civils work. Capita apply a margin to the subcontracted costs, and are responsible for supervising, managing and acting as site foreman on the schemes. Materially therefore Capita is in control of the transaction with the subcontractor and would be considered a principal for the contract. The Company therefore recognises revenue in the gross amount of consideration to which it expects to be entitled in exchange for the specified good or service transferred.

Gain-share arrangements:

The Company has contracts which include gain-sharing arrangements. Capita utilise the historical, current and forecast information, to determine the variable consideration for the promised services, using the expected value method permitted by IFRS 15 *Revenue from Contracts with Customers*..

At inception of each performance obligation, Capita will include in the transaction price an amount of variable consideration estimated only to the extent that it is highly probable that a significant reversal of cumulative revenue recognised will not occur. Capita recognise 75% of the gain share revenue subsequent to customer sign off and the residual 25% after payment from the customer.

1 Accounting policies **(Continued)**

1.3 Revenue recognition (continued)

Contract fulfilment assets

Contract fulfilment costs are divided into

- costs that give rise to an asset; and
- costs that are expensed as incurred.

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

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

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

The assessment of this criteria requires the application of judgement, in particular when considering if costs generate or enhance resources to be used to satisfy future performance obligations and whether costs are expected to be recoverable. The Company regularly incurs costs to deliver its outsourcing services in a more efficient way (often referred to as 'transformation' costs).

These costs may include process mapping and design, system development, project management, hardware (generally in scope of the Company's accounting policy for property, plant and equipment), software licence costs (generally in scope of the Company's accounting policy for intangible assets), recruitment costs and training.

Capitalisation of costs to obtain a contract

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

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

1 Accounting policies **(Continued)**

1.3 Revenue recognition (continued)

The Company has determined that the following costs may be capitalised as contract assets

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

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

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

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

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

The ability to accurately forecast such costs involves estimates around cost savings to be achieved over time, anticipated profitability of the contract, as well as future performance against any contract-specific KPIs that could trigger variable consideration, or service credits. Where a contract is anticipated to make a loss, these judgements are also relevant in determining whether or not an onerous contract provision is required and how this is measured.

1.4 Goodwill
Goodwill is stated at cost less accumulated impairment losses. It is not amortised but is tested annually for impairment which is in accordance with FRS 101.A2.8. This is not in accordance with the Large and Medium-sized Companies and Group (Accounts and Reports) Regulations 2008 which requires that all goodwill be amortised. The Directors consider that this would fail to give a true and fair view of the profit for the period and that the economic measure of performance in any period is properly made by reference only to any impairment that may have arisen. It is not practicable to quantify the effect on the financial statements of this departure.

On adoption of FRS 101, the Company restated business combinations that took place between 1 January 2014 and 31 December 2014. The Company, therefore, restated its opening balances in 2014 to reflect the position had IFRS 3 'Business Combinations' been in effect since 1 January 2014.

1.5 Intangibles

Intangibles are valued at cost less accumulated amortisation. Amortisation is calculated to write off the cost in equal annual instalments over its estimated useful life of between 3 and 5 years.

1 Accounting policies **(Continued)**

1.6 Property, plant and equipment

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

Leasehold improvement	over the period of the lease
Furniture and fixtures	4 - 5 years
Computer equipment	3 - 5 years

1.8 Investments

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

1.9 Leasing

The Company leases various assets, comprising land and buildings and equipment.

The determination whether an arrangement is, or contains, a lease is based on whether the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. The following sets out the Company's lease accounting policy for all leases with the exception of leases with low value and term of 12 months or less for which the exemption contained in IFRS16 *Leases* has been adopted and the costs expensed to the income statement as incurred.

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

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

Right-of-use assets are measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the adoption date of IFRS16 *Leases*, less any lease incentives received at or before the adoption date of IFRS16 *Leases*. Right-of-use assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be fully recoverable.

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

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

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

1 Accounting policies **(Continued)**

1.9 Leasing (Continued)

The lease liability is subsequently remeasured (with a corresponding adjustment to the related right-of-use asset) when there is a change in future lease payments due to a renegotiation or market rent review, a change of an index or rate or a reassessment of the lease term.

The Company as a lessor

When the Company acts as a lessor, it determines at lease commencement whether the lease is a finance lease or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership in relation to the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. The Company recognises lessor payments under operating leases as income on a straight-line basis over the lease term. The Company accounts for finance leases as finance lease receivables, using the effective interest rate method.

1.10 Pensions

The Company participates in a number of defined contribution schemes where contributions are charged to the income statement in the year in which they are due. These schemes are funded and contributions are paid to separately administered funds. The assets of these schemes are held separately from the Company. The Company remits monthly pension contributions to Capita Business Services Ltd, a fellow subsidiary undertaking, which pays the Group liability centrally. Any unpaid contributions at the year-end have been accrued for in the accounts of Capita Business Services Ltd.

In addition, the Company participates in a number of defined benefit pension schemes which require contributions to be made to separate trustee-administered funds.

Where the Company participates in public sector defined benefit pension schemes, this is for a finite period and there are contractual protections in place to limit the financial risks to the Company of the membership of these schemes by its employees and as such the pension costs are reported on a defined contribution basis recognising a cost equal to its contribution payable during the period (see note 22.)

The Company also participates in a defined benefit scheme operated by the Group - the Capita Pension and Life Assurance Scheme (the "Capita DB Scheme"). The Company has current employees who continue to accrue benefits in the Capita DB Scheme.

Since there is no contractual agreement or stated Group policy for charging the net defined benefit cost of the Capita DB Scheme to participating entities, the net defined benefit cost is recognised fully by the Principal Employer (Capita Business Services Ltd). The Company then recognises a cost equal to its contribution payable during the period.

The contributions payable by the participating entities are determined on the following basis:

- The Capita DB Scheme provides benefits on a defined benefit basis funded from assets held in a separate trustee-administered fund.
- The Capita DB Scheme is a non-segregated scheme but there are around 200 different sections in the scheme where each section provides benefits on a particular basis (some based on final salary, some based on career average earnings) to particular groups of employees.

1 Accounting policies **(Continued)**

1.10 Pensions (continued)

- At each full actuarial valuation of the Capita DB Scheme (carried out triennially) the contribution rates for all those sections where there are remaining active members are calculated. These are then rationalised such that sections with similar employer contribution rates (when expressed as a percentage of pensionable pay) are grouped together and an average employer contribution rate for each of the rationalised groups calculated.
- The Company's contribution is consequently calculated by applying the appropriate average employer contribution rates to the pensionable pay of its employees participating in the Capita DB Scheme.

A full actuarial valuation of the Capita DB Scheme is carried out every three years by an independent qualified actuary for the Trustee of the Capita DB Scheme, with the last full valuation carried out as at 31 March 2020. The next full actuarial valuation is due to be carried out with an effective date of 31 March 2023.

In addition, the Company has two ring-fenced sections in an industry-wide pension scheme which require contributions to be made to separate trustee-administered funds. The costs of providing benefits under this scheme is determined using the projected unit credit method, which attributes entitlement to benefits to the current period (to determine current service cost) and to the current and prior periods (to determine the present value of the defined benefit obligation) and is based on actuarial advice.

Past service costs are recognised immediately in the income statement.

When a settlement (eliminating all obligations for benefits already accrued) or a curtailment (reducing future obligations as a result of a material reduction in the scheme membership or a reduction in future entitlement) occurs the obligation and related plan assets are re-measured using current actuarial assumptions and the resultant gain or loss recognised in the income statement during the period in which the settlement or curtailment occurs.

Re-measurements of the net defined benefit asset/liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income and reflected immediately in retained earnings and will not be reclassified to the income statement. The Company generally determines the net interest expense/income on the net defined benefit asset/liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the then net defined benefit asset/liability, taking into account any changes in the net defined benefit asset/liability during the period as a result of contributions and benefit payments. However, due consideration is made to events which require the net interest expense/income on the net defined benefit asset/liability to be re-measured over the course of the period.

Current and past service costs are charged to operating profit while the net interest cost is included within net finance costs.

The liability on the balance sheet in respect of these defined benefit pension schemes comprises the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds), less the fair value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information and in the case of quoted securities is the published bid price. The Company will consider the impact of IFRIC 14 (in relation to either recognising a surplus or allowing for the impact of any funding commitments made) and will make an assessment, having regard to the rules of the pension schemes, on whether IFRIC 14 limits the surplus or increases the deficit shown at the balance sheet date.

1 Accounting policies **(Continued)**

1.11 Provisions

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

1.12 Taxation

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

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

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

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

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

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

1.13 Government grants

Government grants are not recognised until there is a reasonable assurance that the Company will comply with the conditions attaching to them and that the grants will be received. Government grants are recognised in the income statement on a systematic basis over the periods in which the Company recognises as expenses the related costs for which the grants are intended to compensate. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognised in the income statement in the period in which they become receivable.

1 Accounting policies **(Continued)**

1.14 Share-based payments

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

The fair value of the equity instrument granted is measured at grant date and is recognised as an expense over the vesting period, which ends on the date on which the relevant employees become fully entitled to the award. Fair value is determined using an option pricing model, only taking into account vesting conditions linked to the price of the shares of the Company (market conditions).

No expense is recognised for awards that do not ultimately vest as a result of not meeting performance or service conditions. Where all service and performance vesting conditions have been met, the awards are treated as vesting, irrespective of whether or not the market condition is satisfied, as market conditions have been reflected in the fair value of the equity instruments.

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

Where the terms of an award are modified or a new award is designated as replacing a cancelled or settled award, the cost based on the original award terms continues to be recognised over the original vesting period adjusted for the incremental fair value of any modification ie the difference between the fair value of the original award and the fair value of the modified award, both as measured on the date of the modification. No reduction is recognised if this difference is negative.

Where an award is cancelled, it is treated as if it had vested on the date of cancellation, and any cost not yet recognised in the income statement for the award is expensed immediately. Any compensation paid up to the fair value of the award at the cancellation or settlement date is deducted from equity, with any excess over the fair value being treated as an expense in the income statement.

1.15 Financial instruments

Investments and other financial assets

(i) Classification

T he Company classifies its financial assets in the following measurement categories:

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

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

For investments in equity instruments that are not held-for-trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI). The Company reclassifies debt investments when and only when its business model for managing those assets changes.

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

1 Accounting policies **(Continued)**

1.15 Financial Instruments (Continued)

(iii) Measurement

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

Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the group classifies its debt instruments:

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

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

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

Equity instruments

The Company subsequently measures all equity investments at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in OCI. there is no subsequent reclassification of fair value gains and losses to income statement following the derecognition of the investment. Dividends from such investments continue to be recognised in the income statement as other income when the group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the income statement as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

1 Accounting policies **(Continued)**

1.15 Financial instruments (Continued)

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

Trade and other receivables
The Company assesses on a forward-looking basis the expected credit losses associated with its receivables carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Company applies the simplified approach permitted by IFRS 9, resulting in trade receivables recognised and carried at original invoice amount less an allowance for any uncollectible amounts based on expected credit losses.

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

Interest-bearing loans and borrowings
All loans and borrowings are initially recognised at their fair value less any directly attributable transaction costs.

After initial recognition, loans and borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method.

Gains and losses are recognised in the income statement when the liabilities are derecognised, as well as through the amortisation process.

1.16 Impairment of non-financial assets

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

1.17 Foreign exchange

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

Where the functional currency of branches differs from the presentational currency of the Company, the branch's results and financial position are translated by converting the assets and liabilities at the closing rate at the balance sheet date. Income and expenses recognised in the period are translated at the average rates of exchange with all resulting differences being recognised through the foreign currency translation reserve.

1 Accounting policies **(Continued)**

1.18 Group Accounts

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

1.19 Assets held-for-sale

The Group classifies a non-current asset (or disposal group) as held-for-sale if its carrying amount will be recovered principally through a sale transaction instead of continued use. For this to be the case, the asset (or disposal group) must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets (or disposal groups) and its sale must be highly probable. For the sale to be highly probable, the appropriate level of management must be committed to a plan to sell the asset (or disposal group), and an active programme to locate a buyer and complete the plan must have been initiated. Further, the asset (or disposal group) must be actively marketed for sale at a price that is reasonable in relation to its current fair value. In addition, the sale should be expected to qualify for recognition as a completed sale within one year from the date of classification.

1.20 Guarantees

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within the Group, the Company considers these to be insurance arrangements and accounts for them as such. In this respect, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

2 Significant accounting judgements, estimates and assumptions

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

Covid-19 has introduced unprecedented economic uncertainties and has led to increased judgement particularly in forecasting future financial performance. There have also been direct impacts on revenue and costs arising from: new contracts helping customers respond to the pandemic; costs of setting up colleagues to work remotely; and utilisation of the Government's Coronavirus Job Retention Scheme.

The key sources of estimation uncertainty that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows :

Revenue : Due to the size and complexity of some of the Company's contracts, there are significant judgements to be applied, specifically in assessing: (i) the recoverability of contract fulfilment assets; and (ii) the completeness of the customer and onerous contract provisions. These judgements are dependent on assessing the contract's future profitability. It is possible that outcomes within the next financial year may be different from management's assumptions and could require a material adjustment to the carrying amounts of contract assets and onerous contract provisions. It should be noted that while management must make judgements in relation to applying the revenue recognition policy and recognition of related balance sheet items (trade receivables; deferred income; and accrued income) these are not considered significant judgements.

Contract fulfilment assets : Judgement is applied when determining what costs qualify to be capitalised in particular when considering whether these costs are incremental and when considering if costs generate or enhance resources to be used to satisfy future performance obligations and whether costs are expected to be recoverable.

The measurement of defined benefit obligations : the accounting cost of these benefits and the present value of pension liabilities involve judgements about uncertain events including such factors as the life expectancy of members, the salary progression of current employees, price inflation and the discount rate used to calculate the net present value of the future pension payments. The Group uses estimates for all of these factors in determining the pension costs and liabilities incorporated in the financial statements. The assumptions reflect historical experience and judgement regarding future expectations.

The Group continued to set RPI inflation in accordance with the market break-even expectations less an inflation risk premium. The inflation risk premium has remained at 0.25% pa. For CPI, the Group reduced the assumed difference between the RPI and CPI by 0.1% pa to an average of 0.65% pa. The estimated impact of the change in the methodology is approximately a £5m increase in the defined benefit obligation in respect of the CPLAS scheme.

The impact of COVID-19 on the effects of future life expectancy continues to be uncertain. The pandemic is likely to have an impact on the setting of appropriate life expectancy assumptions and models for future improvements will need to consider whether the experience in 2020 is a one-off, and if the pandemic will influence future mortality in other ways. For example, the pressure on health services may mean that progress against other causes of death such as cancer is slower than previously expected, meaning an assumption of a lower rate of mortality improvements might be appropriate. Alternatively, the surviving population may be in better health than those dying from COVID-19, meaning that it might be expected that the remaining members live slightly longer. It is still too early to draw conclusions as to what impact COVID-19 might have on future life expectancy and while a new model for future life expectancy has been adopted, with the principles underlying the setting of the assumptions remaining unchanged, no allowance has been made for actual mortality experience experienced in 2020.

3 Revenue

Geographical market	2021	Restated* 2020
	£	£
United Kingdom	103,918,185	101,932,112
Overseas	2,855,609	2,096,781
	106,773,794	**104,028,893**

*For details over restated 2020 balances, please refer to note 29.

4 Operating profit

	2021	2020
	£	£
Operating profit for the year is stated after charging/(crediting):		
Net foreign exchange loss/(gains)	117,511	(1,265,941)
Depreciation of property, plant and equipment (Refer note 9)	135,063	612,730
Depreciation of right-of-use assets (Refer note 11)	993,804	1,403,288
Amortisation of intangible assets (Refer note 10)	34,074	82,718
Loss on sale of property, plant and equipment	-	2,156
Impairment of right-of-use assets (Refer note 11)	170,574	985,177
Operating lease rentals - plant and machinery	503,373	406,467

Audit fees are borne by the ultimate parent undertaking, Capita plc. The audit fee for the current period was £84,000 (2020: £70,000). The Company has taken advantage of the exemption provided by regulations 6(2)(b) of The Companies (Disclosure of Auditor Remuneration and Liability Limitation Agreements) Regulations 2008 not to provide information in respect of fees for other (non-audit) services since this information is required to be given in the financial statements of the ultimate parent undertaking, which it is required to prepare in accordance with the Companies Act 2006.

5 Other income

	2021	Restated* 2020
	£	£
Rental income	242,813	316,493
Dividend income**	715,302	694,228
	958,115	**1,010,721**

*For details of restated 2020 balances, please refer to note 29.
**During the year, the Company has received dividend from Capita Glamorgan Consultancy Limited.

6 Net finance cost

	2021	2020
	£	£
Interest expense on lease liability	(89,499)	(133,368)
Interest payable to group undertakings	(28,667)	(14,211)
Interest income	1,370	-
Interest on the net defined benefit asset	10,000	10,000
	(106,796)	**(137,579)**

7 Leases under IFRS 16

	2021	2020
	£	£
Interest expense on lease liabilities	89,499	133,368
Impairment of right-of-use assets	170,574	985,177
Depreciation of right-of-use assets	993,804	1,403,288
Short term leases	503,373	406,467
	1,757,250	**2,928,300**

8 Income tax

The major components of income tax expense for the years ended 31 December 2021 and 2020 are:

	2021	2020
	£	£
Current income tax		
UK corporation tax	1,240,261	1,697,032
Adjustments in respect of prior periods	(348,507)	1,205,958
	891,754	**2,902,990**
Deferred income tax		
Origination and reversal of temporary differences	(871,945)	(592,983)
Adjustment in respect of prior periods	555,110	(1,053,437)
	(316,835)	**(1,646,420)**
Total tax charge reported in the income statement	**574,919**	**1,256,570**

Statement of comprehensive income	**2021**	**2020**
	£	£
Deferred income tax movement in relation to actuarial losses on defined benefit plans	37,050	(4,500)

The reconciliation between tax charge and the accounting profit multiplied by the UK corporation tax rate for the years ended 31 December 2021 and 2020 is as follows:

	£	£
Profit before tax	7,814,667	7,058,944
Profit/(loss) before taxation multiplied by standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	1,484,787	1,341,199
Taxation impact of factors affecting tax charge:		
Adjustments in respect of current income tax of prior periods	(348,507)	1,205,958
Adjustments in respect of deferred tax of prior periods	555,110	(1,053,437)
Expenses not deductible for tax purposes	96,351	337,051
Impact of changes in statutory tax rates	(1,071,147)	(442,064)
Non taxable income	(141,675)	(132,137)
Total tax adjustments	(909,868)	(84,629)
Total tax charge reported in the income statement	**574,919**	**1,256,570**

8 Income tax **(Continued)**

	Balance sheet		Income Statement	
	2021	2020	2021	2020
	£	£	£	£
Deferred tax assets				
Decelerated capital allowances	(1,120,654)	(1,337,917)	479,217	(184,644)
Losses	(3,818,396)	(2,902,474)	(915,923)	(305,524)
Contract fulfilment asset	-	-	-	(124,417)
Other short term timing differences	(42,267)	(104,438)	62,171	(1,026,135)
Pension scheme	256,250	161,500	57,700	(5,700)
Net deferred tax asset	**(4,725,067)**	**(4,183,329)**		
Net deferred tax (credit)/expense to income statement			(316,835)	(1,646,420)
Net deferred tax (credit)/expense to other comprehensive income			37,050	(4,500)
Total deferred tax (credit)/ expense			**(279,785)**	**(1,650,920)**

Deferred tax

A change to the main UK corporation tax rate was substantively enacted on 24 May 2021. The rate applicable from 1 April 2023 increases from 19% to 25%. The deferred tax asset at 31 December 2021 has been calculated based on this rate, resulting in a £1,071,147 tax credit to the income statement in 2021.

9 Property, plant and equipment

	Leasehold improvement	Furniture and fixtures	Computer equipment	Total
	£	£	£	£
Cost				
At 1 January 2021	**536,025**	**116,371**	**352,987**	**1,005,383**
Transfer to assets held-for-sale*	-	(103,858)	(78,988)	(182,846)
Intragroup transfer	(447,103)	-	-	(447,103)
Asset retirement	(3,873)	(12,513)	(92,969)	(109,355)
At 31 December 2021	**85,049**	**-**	**181,030**	**266,079**
Depreciation and impairment				
At 1 January 2021	**249,616**	**63,450**	**224,161**	**537,227**
Intragroup transfer	(206,151)	-	-	(206,151)
Depreciation	32,194	29,714	73,155	135,063
Transfer to assets held-for-sale*	-	(80,651)	(75,371)	(156,022)
Asset retirement	(3,873)	(12,513)	(92,969)	(109,355)
At 31 December 2021	**71,786**	**-**	**128,976**	**200,762**
Net book value				
At 31 December 2020	**286,409**	**52,921**	**128,826**	**468,156**
At 31 December 2021	**13,263**	**-**	**52,054**	**65,317**

*On 1 January 2022, in accordance with the terms of the business and asset transfer agreement, the Company transferred its business and assets relating to the Real Estate and Infrastructure business and associated services, to Capita (Real Estate & Infrastructure) Limited for a consideration equal to the book value of the business and assets based on the balance sheet as at 31 December 2021, after deduction of the liabilities and such consideration was kept payable as part of the intragroup loan account (refer note 25)

10 Intangible assets

	Capitalised software development £	Goodwill £	Total £
Cost			
At 1 January 2021	**201,936**	**86,357,460**	**86,559,396**
Transfer to assets held-for-sale*	(137,765)	(76,745,261)	(76,883,026)
Asset retirement	(64,171)	-	(64,171)
At 31 December 2021	-	**9,612,199**	**9,612,199**
Amortisation and impairment			
At 1 January 2021	**130,179**	**43,811,248**	**43,941,427**
Amortisation	34,074	-	34,074
Transfer to assets held-for-sale*	(100,082)	(39,343,171)	(39,443,253)
Asset retirement	(64,171)	-	(64,171)
At 31 December 2021	-	**4,468,077**	**4,468,077**
Net book value			
At 31 December 2020	**71,757**	**42,546,212**	**42,617,969**
At 31 December 2021	-	**5,144,122**	**5,144,122**

*On 1 January 2022, in accordance with the terms of the business and asset transfer agreement, the Company transferred its business and assets relating to the Real Estate and Infrastructure business and associated services, to Capita (Real Estate & Infrastructure) Limited for a consideration equal to the book value of the business and assets based on the balance sheet as at 31 December 2021, after deduction of the liabilities and such consideration was kept payable as part of the intragroup loan account (refer note 25)

11 Right-of-use assets

	Land and buildings Freehold £	Equipment £	Total £
Balance at 1 January 2021	**2,020,609**	**884,837**	**2,905,446**
Other movements	(7,462)	(10,333)	(17,795)
Depreciation charge for the year	(651,174)	(342,630)	(993,804)
Impairment	(90,244)	(80,330)	(170,574)
Balance at 31 December 2021	**1,271,729**	**451,544**	**1,723,273**

As the Group continues to rationalise its property estate, costs associated with onerous property commitments dilapidation liabilities, and impairment of property right-of-use assets and fixtures and fittings, will be captured and presented as part of the transformation adjustments. Accordingly, the Company has booked impairment against equipment and property.

12 Contract fulfilment assets

	£
Cost	
As at 1 January 2020	**1,239,889**
Additions	539,727
Derecognised during the year	(490,083)
Utilised during the year	(395,351)
As at 31 December 2020	**894,182**
Utilised during the year	(178,802)
As at 31 December 2021	**715,380**

13 Investment in subsidiaries

	Shares in subsidiary
	£
At 1 January 2021	**9,189,419**
At 31 December 2021	**9,189,419**

Details of the Company's direct subsidiaries at 31 December 2021 are as follows:

Company	Country of registration or incorporation	Ordinary shares held (%)	Nature of business
Capita (Real Estate & Infrastructure) Limited	65 Gresham Street, London, England, EC2V 7NQ	100	Dormant
Capita Property and Infrastructure (Structures) Limited	65 Gresham Street, London, England, EC2V 7NQ	100	Property Services
Urban Vision Partnership Limited	65 Gresham Street, London, England, EC2V 7NQ	50	Property Services
Capita Glamorgan Consultancy Limited	65 Gresham Street, London, England, EC2V 7NQ	51	Property Services
RE (Regional Enterprise) Limited	65 Gresham Street, London, England, EC2V 7NQ	51	Property Services
Capita Symonds Saudi Arabia Limited	King Abdul Aziz Street, PO BOX 7052, Dammam, Saudi Arabia	50	Dormant
Capita Property and Infrastructure Consultants LLC (in liquidation)	1004 Bin Hamoodah Building, Khalifa Street, PO BOX 113 740, Abu Dhabi	49	Dormant
Capita Symonds Limited (Libya Branch)	Sough Thalat Buildings 5, Apartment 2, Tripoli, Libyan Arab Jamahiriya	100	Dormant
Capita Norman and Dawbarn Limited	10th Floor, UBA House, No 57, Marina Street, Lagos Island, Lagos	97.3	Dormant
Capita Property and Infrastructure International Holdings Limited	65 Gresham Street, London, England, EC2V 7NQ	100	Dormant

(Continued)

13 Investment in subsidiaries

Details of all indirect subsidiaries as required by section 409 of the Companies Act 2006 are as follows:

Capita Symonds (Asia) Limited	65 Gresham Street, London, England, EC2V 7NQ	100	Dormant
Symonds Travers Morgan (Hong Kong) Limited	Suite 4301-5, Tower One Times Square, 1 Matheson Street, Causeway Bay, Hong Kong	100	Dormant
Capita Symonds India Private Limited	Plant No-6, Godrej & Boyce Compound L.B.S Marg, Opp. Vikhroli Bus Depot Mumbai Mumbai City MH 400079 IN	100	Property Services
Symonds Travers Morgan (Malaysia) SDN. BHD	Suite 13.03, 13th Floor, Menara Tan and Tan Razak, Kuala Lumpur, 50490, Malaysia	100	Property Services
Woolf Limited	65 Gresham Street, London, England, EC2V 7NQ	100	Property Services
Capita Property and Infrastructure International Limited	65 Gresham Street, London, England, EC2V 7NQ	100	Dormant

14 Trade and other receivables

		Restated*
Current	**2021**	**2020**
	£	**£**
Trade receivables	8,553,618	8,525,972
Other receivables**	4,045	225,582
Accrued income**	3,939,792	10,108,862
Prepayments**	531,011	443,671
Amounts due from parent and fellow subsidiary undertaking	13,156,360	9,421,061
	26,184,826	**28,725,148**

		Restated
Non-current	**2021**	**2020**
	£	**£**
Accrued income	230,617	-
Prepayments	71,215	403,800
	301,832	**403,800**

*For details of restated 2020 balances, please refer to note 29.

**The closing balances of the above other receivables, accrued income and prepayments, relating to the Company's Real Estate & Infrastructure business and associated services were transferred to Capita (Real Estate & Infrastructure) Limited (refer note 25)

15 Cash

	2021	2020
	£	£
Cash at bank and in hand	316,768	8,737,560
	316,768	**8,737,560**

16 Trade and other payables

	2021	2020
	£	£
Current		
Trade payables*	3,875,368	3,337,752
Other payables	42,006	146,958
Other taxes and social security	3,733,165	3,097,500
Accruals*	4,214,233	5,074,121
Amounts due to parent and fellow subsidiary undertaking	492,265	9,933,555
	12,357,037	**21,589,886**

*The closing balances of the above trade payables and accruals, relating to the Company's Real Estate & Infrastructure business and associated services were transferred to Capita (Real Estate & Infrastructure) Limited (refer note 25)

17 Deferred income

	2021	2020
	£	£
Current		
Deferred income*	8,101,737	8,077,456
	8,101,737	**8,077,456**
Non-current		
Deferred income	-	5,405,121
	-	**5,405,121**

*The closing balances of the above deferred income, relating to the Company's Real Estate & Infrastructure business and associated services were transferred to Capita (Real Estate & Infrastructure) Limited (refer note 25)

18 Lease liabilities

	2021	2020
	£	£
Current		
Lease liabilities	1,160,090	702,355
	1,160,090	**702,355**
Non-current		
Lease liabilities	1,294,505	3,110,341
	1,294,505	**3,110,341**

	2021	2020
	£	£
Maturity analysis - Contractual undiscounted cash flows		
Less than one year	1,213,034	1,326,229
Two to 5 years	1,324,361	2,244,250
Total undiscounted lease liabilities at 31 December	**2,537,395**	**3,570,479**

19 Provisions

Non current

	Insurance	Property	Others	Total
	£	£	£	£
As at 1 January 2021	-	161,730	-	161,730
Transfer from current	343,697	-	887,805	1,231,502
Release during the year	-	-	-	-
Additions during the year	-	196,408	-	196,408
As at 31 December 2021	**343,697**	**358,138**	**887,805**	**1,589,640**

Current

	Insurance	Property	Others	Total
	£	£	£	£
As at 1 January 2021	1,431,095	389,430	682,778	2,503,303
Additions during the year	474,328	-	963,160	1,437,488
Release during the year	(556,529)	(63,137)	(491,269)	(1,110,935)
Reclass between categories	(737,974)	-	737,974	-
Utilisation	(267,223)	(41,094)	(694,124)	(1,002,441)
Transfer to non-current	(343,697)	-	(887,805)	(1,231,502)
At 31 December 2021	**-**	**285,199**	**310,714**	**595,913**

19 Provisions (continued)

Insurance represents professional indemnity provisions. The Directors make professional indemnity/litigation provisions for potential claims against the Company where appropriate. These may be established when internal controls identify potential issues or external notification of intent to make a claim is received.

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

Other provisions includes restructuring provisions which is in respect of the major restructuring activities undertaken by the Group.

20 Issued share capital

	2021 Numbers	2020 Numbers	2021 £	2020 £
Allotted, called up and fully paid				
Ordinary shares of £1 each				
At 1 January	1,475,933	1,475,933	1,475,933	1,475,933
At 31 December	**1,475,933**	**1,475,933**	**1,475,933**	**1,475,933**

21 Contingent liabilities

The Company has provided through the normal course of its business, performance bonds and bank guarantees of £3,750,000 (2020: £3,750,000).

22 Employee benefits

The Company participates in both defined benefit and defined contribution pension schemes.

The pension charge for the defined contribution pension schemes for the year is £5,017,458 (2020: £4,848,747).

The Company has current and former employees who are members of: a number of public sector defined benefit pension schemes; the Capita Pension and Life Assurance Scheme (the "Capita DB Scheme") - a defined benefit pension scheme; and two sections of the Industry-Wide Coal Staff Superannuation Scheme - Capita Symonds HQ Employer Fund ("IWCSSS (HQ)") and Capita Symonds On site Employer Fund ("IWCSSS (OS)") – also a defined benefit pension scheme.

Public sector defined benefit pension schemes

Where the Company participates in public sector defined benefit pension schemes, this is for a finite period and there are contractual protections in place allowing actuarial and investment risk to be passed on to the end customer via recoveries for contributions paid. The nature of these arrangements vary from contract to contract but typically allows for the majority of contributions payable to the schemes in excess of an initial rate agreed at the inception to be recovered from the end customer, as well as exit payments payable to the schemes at the cessation of the contract (where applicable), such that the Company's net exposure to actuarial and investment risk is immaterial.

Judgement is required in determining the appropriate accounting treatment for the participation in these schemes, in particular as to whether actuarial and investment risk fall in substance on the Company. It is considered that the net risk to the Company from these defined benefit arrangements is immaterial and therefore the costs in relation to all of the above schemes are reported on a defined contribution basis recognising a cost equal to its contribution payable during the period. No amounts are recognised on the Company's balance sheet.

The pension charge for these public sector defined benefit pension schemes is included in the above pension charge for the defined contribution pension schemes.

Capita DB Scheme

The Company has current employees who continue to accrue benefits in the Capita DB Scheme.
The Capita DB Scheme is a non-segregated scheme with around 200 different sections in the scheme where each section provides benefits on a particular basis (some based on final salary, some based on career average earnings) to particular groups of employees.

Responsibility for the operation and governance of the scheme lies with a Trustee Board (the CPLAS Trustees Limited) which is independent of the Company. The Trustee Board is required by law to act in the interest of the scheme's beneficiaries in accordance with the rules of the scheme and relevant legislation (which includes the Pension Schemes Act 1993, the Pensions Act 1995 and the Pensions Act 2004). The nature of the relationship between the Company and the Trustee Board is also governed by the rules of the scheme and relevant legislation.

The assets of the scheme are held in a separate fund (administered by the Trustee Board) to meet long-term pension liabilities to beneficiaries. The Trustee Board invest the assets in accordance with their Statement of Investment Principles, which is regularly reviewed.

A full actuarial valuation of the Capita DB Scheme is carried out every three years by an independent qualified actuary for the Trustee Board, with the last full valuation carried out as at 31 March 2020. Amongst the main purposes of the valuation is to agree a contribution plan such that the pension scheme has sufficient assets available to meet future benefit payments, based on assumptions agreed between the Trustee Board and the Principal Employer (Capita Business Services Ltd, a fellow subsidiary undertaking). The 31 March 2020 valuation showed a funding deficit of £182.2m (31 March 2017: £185m). This equates to a funding level of 89.0% (31 March 2017: 86.1%).

As a result of the full actuarial valuation, the Principal Employer and the Trustee Board agreed a funding plan to eliminate the deficit – the Principal Employer has agreed to pay additional contributions totalling £124m between July 2021 and December 2023.

22 Employee benefits

In addition, the Principal Employer has agreed to make additional, non-statutory, contributions of £15m each year in 2024, 2025 and 2026 to meet a secondary funding target. The aim of which is to target, by 2026, the position of having sufficient assets to invest in a portfolio of low risk assets that will generate income to pay members' benefits as they fall due.

Finally, the Principal Employer agreed an average employer contribution rate of 36.0% (excluding employee contributions made as part of a salary sacrifice arrangement) towards the expected cost of benefits accruing.

The next full actuarial valuation is due to be carried out with an effective date of 31 March 2023.

For the purpose of the consolidated accounts of Capita plc, an independent qualified actuary projected the results of the 31 March 2020 full actuarial valuation to 31 December 2021 taking account of the relevant accounting requirements.

The principal assumptions for the accounting valuation as at 31 December 2021 were as follows: rate of increase in RPI/CPI price inflation – 3.30% pa/2.65% pa (2020: 2.90% pa/2.15% pa); rate of salary increase – 3.30% pa (2020: 2.90% pa); rate of increase for pensions in payment (where RPI inflation capped at 5% pa applies) – 3.20% pa (2020: 2.85% pa); discount rate – 1.90% pa (2020: 1.30% pa).

The Capita DB Scheme assets at fair value as at 31 December 2021 totalled £1,732.5m (2020: £1,568.8m). The actuarially assessed value of Capita DB Scheme liabilities as at 31 December 2021 was £1,725.3m (2020: £1,810.6m) indicating that the Capita DB Scheme had a net asset of £7.2m (2020: net liability of £241.8m). These figures are quoted gross of deferred tax. The full disclosure is available in the consolidated accounts of Capita plc.

For the purpose of these accounts, this Company's interest in the Capita DB Scheme is reported on a defined contribution basis recognising a cost equal to its contributions paid over the period. The pension charge for the Company in relation to the Capita DB Scheme for the year was £643,807 (2020: £973,614).

IWCSSS (HQ) and IWCSSS (OS)

Responsibility for the operation and governance of the sections lies with the Industry-Wide Coal Staff Superannuation Scheme Trustees Limited ('IWCSSSTL') which is independent of the Company. The IWCSSSTL is required by law to act in the interest of the section's beneficiaries in accordance with the rules of the Industry-Wide Coal Staff Superannuation Scheme ('Scheme') and relevant legislation (which includes the Pension Schemes Act 1993, the Pensions Act 1995 and the Pensions Act 2004). The nature of the relationship between the Company and the IWCSSSTL is also governed by the rules of the Scheme and relevant legislation.

The assets of the sections are held in a separate fund (administered by the IWCSSSTL) to meet long-term pension liabilities to beneficiaries. The IWCSSSTL invest the assets in accordance with their Statement of Investment Principles, which is regularly reviewed.

The most recent full actuarial valuation of the sections which was carried out as at 31 December 2018 revealed assets in excess of the assessed value of the pension liabilities for both sections. Based on the results of this actuarial valuation, the Company is not expected to make any contributions to these sections during 2022. However, the contribution rates will be reviewed as part of the actuarial valuation currently in progress as at 31 December 2021.

For the purpose of the consolidated accounts of Capita plc, a qualified actuary projected the results of the 31 December 2018 valuation to 31 December 2021.

For the purposes of IFRIC 14, a net pension asset is deemed to be recoverable because the Company has the right to a future refund in the event the scheme is wound-up and there remains a surplus.

The pension charge for the sections for the year was £20,000 (2020: £30,000).

(Continued)

22 Employee benefits

IWCSSS (HQ) and IWCSSS (OS)
Defined benefit plan
Key assumptions

	2021	2020
	%	%
Discount rate	1.90	1.30
Pension growth rate (RPI)	3.30	2.90
Salary growth rate	3.30	2.90

Mortality assumptions

	2021	2020
	Years	Years
Assumed life expectations on retirement at age 65:		
-Males	22.5	22.5
-Females	24.4	24.3
Member currently aged 45 (life expectancy at 65)		
-Males	22.4	22.4
-Females	25.3	25.3

Amount recognised in income statement in respect of defined benefit plans are as follows:

	2021	2020
	£	£
Administration cost	30,000	40,000
Net interest on defined benefit liability/(asset)	(10,000)	(10,000)
	20,000	**30,000**

Amount recognised in other comprehensive income in respect of defined benefit plans are as follows:

	2021	2020
	£	£
Actuarial changes arising from changes in demographic assumptions	-	(10,000)
Actuarial changes arising from changes in financial assumptions	(45,000)	130,000
Actuarial changes arising from experience	(10,000)	-
Actuarial changes related to plan assets	(140,000)	10,000
Total actuarial loss/(gain)	**(195,000)**	**130,000**

(Continued)

22 Employee benefits

The amounts included in the balance sheet arising from the Company's obligations in respect of defined benefit plans are as follows:

	2021	2020
	£	£
Present value of defined benefit obligations	1,260,000	1,340,000
Fair value of plan assets	(2,285,000)	(2,190,000)
Deficit/(Surplus) in scheme	**(1,025,000)**	**(850,000)**

Movements in the present value of defined benefit obligations are as follows :

	2021	2020
	£	£
At 1 January	1,340,000	1,220,000
Current service cost	-	-
Administration cost	30,000	40,000
Benefits paid	(70,000)	(70,000)
Actuarial gains and losses	(55,000)	120,000
Interest cost	15,000	30,000
At 31 December	**1,260,000**	**1,340,000**

The defined benefit obligations arise from plans funded as follows :

	2021	2020
	£	£
Wholly or partly funded obligations	1,260,000	1,340,000
	1,260,000	**1,340,000**

Movement in the fair value of plan assets are as follows :

	2021	2020
	£	£
At 1 January	2,190,000	2,230,000
Interest income	25,000	40,000
Return on plan assets (excluding amounts included in net interest)	140,000	(10,000)
Benefits paid	(70,000)	(70,000)
At 31 December	**2,285,000**	**2,190,000**

The actual return on plan assets was £165,000 (2020 : £30,000).

(Continued)

22 Employee benefits

Sensitivity of the defined benefit obligations to changes in assumptions

	2021	2020
	£	£
0.1% p.a decrease in discount rate	1,280,000	1,360,000
0.1% p.a increase in salary growth rate	1,260,000	1,340,000
0.1% p.a increase in inflation rate	1,280,000	1,360,000
One year increase in life expectancy	1,310,000	1,390,000

The fair value of plan assets at the reporting period end was as follows:

	Quoted 2021	Unquoted 2021	Quoted 2020	Unquoted 2020
Equity instruments	435,000	-	310,000	-
Debt instruments	1,270,000	-	1,080,000	-
Property	195,000	-	170,000	-
Diversified Growth Funds	-	-	320,000	-
Infrastructure	40,000	-	-	-
Multi-asset credit fund	160,000	-	300,000	-
Cash and other	185,000	-	10,000	-
	2,285,000	**-**	**2,190,000**	**-**

Risks associated with the Company's pension schemes

The Capita DB Scheme, IWCSSS (HQ) and IWCSSS (OS) expose the Company to various risks, with the key risks set out below:

Investment risk: If the invested assets under-perform the returns assumed in setting the funding target then additional contributions may be required at subsequent valuation dates for each of these schemes.

Interest rate risk: the discount rate is derived from yields available on good quality corporate bonds of suitable duration. If these yields decrease, then in isolation, this would increase the value placed on the defined benefit obligation and result in a worsening of the funding position of the schemes.

Inflation risk: the obligations of the schemes are linked to future levels of inflation. If future inflation is higher than expected then this would result in the cost of providing the benefits increasing and thereby worsening the funding position of the schemes.

Longevity risk: if members live longer than expected, then pensions will be paid for a longer time which will increase the value placed on the obligations and therefore worsen the funding position of the schemes.

To manage these risks, the Company and the trustees carry out regular assessments of these risks. Refer to the full disclosures available in the consolidated financial statements of Capita plc for further information.

23 Employees

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

	2021 Number	2020 Number
Sales	15	14
Administration	77	81
Operations	1,206	1,260
	1,298	**1,355**

Their aggregate remuneration comprised:

Employee costs	2021 £	2020 £
Wages and salaries	52,150,423	52,005,035
Social security costs	6,067,199	6,014,696
Pension costs	5,661,265	5,822,361
Shared based payments	(27,525)	80,191
	63,851,362	**63,922,283**

24 Related party transactions

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

Nature of Transaction	Name of Company	Year	Other subsidiaries of Capita plc	Direct subsidiaries	Total
Purchase of Goods/ Services					**£**
	Urban Vision Partnership Ltd	December 31, 2021	-	26,722	26,722
		December 31, 2020	-	210,540	210,540
	Capita Glamorgan Consultancy	December 31, 2021	-	622,851	622,851
		December 31, 2020	-	394,861	394,861
	Entrust Support Services Ltd	December 31, 2021	-	21,061	21,061
		December 31, 2020	-	-	-
	Fera Science Limited	December 31, 2021	-	2,178	2,178
		December 31, 2020	-	2,779	2,779
	Total				
		December 31, 2021	**-**	**672,812**	**672,812**
		December 31, 2020	**-**	**608,180**	**608,180**

Nature of Transaction	Name of Company	Year	Other subsidiaries of Capita plc	Direct subsidiaries	Total
Sales of Goods					**£**
	Urban Vision Partnership Ltd	December 31, 2021	-	780	780
		December 31, 2020	-	404,361	404,361
	Capita Glamorgan Consultancy	December 31, 2021	-	3,605,997	3,605,997
		December 31, 2020	-	3,591,412	3,591,412
	Entrust Support Services Ltd	December 31, 2021	-	44,364	44,364
		December 31, 2020		65,331	65,331
	RE (Regional Enterprise) Ltd	December 31, 2021		3,907,398	3,907,398
		December 31, 2020	-	8,622,644	8,622,644

24 Related party transactions **(Continued)**

	Fera Science Limited	December 31, 2021	-	89,267	89,267
		December 31, 2020	-	24,994	24,994
	Total				
		December 31, 2021	**-**	**7,647,806**	**7,647,806**
		December 31, 2020	-	**12,708,742**	**12,708,742**

Closing balance of Related Parties

Nature of Transaction	Name of Company	Year	Other subsidiaries of Capita plc	Direct subsidiaries	Total
Trade Receivables					
	Urban Vision Partnership Ltd	December 31, 2021	-	3,315	3,315
		December 31, 2020	-	3,148	3,148
	Capita Glamorgan Consultancy	December 31, 2021	-	1,791,304	1,791,304
		December 31, 2020	-	11,471	11,471
	RE (Regional Enterprise) Ltd	December 31, 2021	-	191,335	191,335
		December 31, 2020	-	287,011	287,011
	Total				
		December 31, 2021	**-**	**1,985,954**	**1,985,954**
		December 31, 2020	**-**	**301,630**	**301,630**

25 Disposal group assets and liabilities held-for-sale

	2021
	£
Goodwill	37,402,090
Intangible assets	37,683
Property, plant and equipment	26,824
Prepayments	846,462
Other receivables	2,370,833
Accrued income	5,916,635
Disposal group assets held-for-sale	**46,600,527**
Trade payables	600,766
Deferred tax liabilities	261,954
Deferred income	3,450,205
Accruals	1,196,897
Disposal group liabilities held-for-sale	**5,509,822**

On 1 January 2022, in accordance with the terms of the business and asset transfer agreement, the Company transferred its business and assets relating to the Real Estate and Infrastructure business and associated services, to Capita (Real Estate & Infrastructure) Limited for a consideration equal to the book value of the business and assets based on the balance sheet as at 31 December 2021, after deduction of the liabilities and such consideration was kept payable payable as part of the intragroup loan account (refer note 28)

26 Directors' remuneration

	2021	2020
	£	£
Remuneration for qualifying services	987,777	851,612
Payments to defined contribution pension schemes	18,889	42,913
	1,006,666	**894,525**

Two Directors (2020 : four) were paid by the Company and other Directors were paid by another company within Capita. The other Directors have not provided qualifying services to the Company and are paid by other companies within the Capita Group. Such remuneration has not been allocated to the Company. In addition to the above, the Directors of the Company were reimbursed for the expenses incurred by them whilst performing business responsibilities.

The number of Directors for whom retirement benefits are accruing under defined contribution schemes amounted to two (20 20 - five).

The number of Directors who exercised share options during the year was 2 (2020 - nil).

The aggregate amount of gains made by directors on exercise of share options was £68,343 during the year.

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

	2021	2020
	£	£
Remuneration for qualifying services	685,717	277,075
Payments to defined contribution pension schemes	3,518	3,503
	689,235	**280,578**

27 Controlling party

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

The Company's ultimate parent undertaking is Capita plc, a company incorporated in England and Wales. The consolidated financial statements of Capita plc are available from the registered office at 65 Gresham Street, London, England, EC2V 7NQ.

28 Post balance sheet event

On 1 January 2022, in accordance with the terms of the business and asset transfer agreement, the Company transferred its business and assets relating to the Real Estate and Infrastructure business and associated services, to Capita (Real Estate & Infrastructure) Limited for a consideration equal to the book value of the business and assets based on the balance sheet as at 31 December 2021, after deduction of the liabilities and such consideration was kept payable as part of the intragroup loan account (refer note 25)

29 Prior year adjustment

The Company is a partner in a Joint Venture, Capita Glamorgan Consultancy Limited (partnership between Capita Property and Infrastructure Limited, Rhondda Cynon Taf County Borough Council, Bridgend County Borough Council and Merthyr Tydfil County Borough Council). It has been discovered, while producing the 2021 financial statements that the Company was entitled to receive dividend from Capita Glamorgan Consultancy Limited in accordance with the terms and conditions of the Joint Venture agreement. However, the Company has inadvertently recorded those dividends on a cash received basis rather than when receivable in the financial statements in the prior periods.

Also, as part of their contract profitability and balance sheet review, management identified an over recognition of revenue and accrued income in prior periods on a contract. This has been corrected by reducing revenue in the prior years with a corresponding reduction in accrued income. This adjustment has resulted in a decrease in profit before tax, retained earnings and net assets in the prior year. The tax impact has resulted in a decrease of current income tax by £148,960 in the current year and a corresponding impact was recorded within corporation tax liability.

The management of the Company reviewed and concluded that the financial statements of 2020 be restated for the above. The impact on income statement and balance sheet is represented in the below restatement note for the year ended 31 December 2020:

A Revenue (2020) : Reduced by £784,000 to remove the effect of the over accrual.

B Other income (2020) : Adjusted by £603,498 to provide for dividend income due in excess of dividend received as per joint venture agreement.

C Retained earnings brought forward at 1 January 2020 of £87,176, represents the net of the dividend receivable of £1,179,176 and the reduction in accrued income of £1,092,000.

D Income tax charge (2020) : Adjusted by £148,960 due to impact of restatement.

The following shows the effect of the prior year adjustment made to the income statement for the year ended 31 December 2020 :

	Footnote	As previously reported 2020	Restatement impact	Restated 2020
		£	£	£
Revenue	A	104,812,893	(784,000)	104,028,893
Cost of sales		(89,558,347)	-	(89,558,347)
Gross profit		**15,254,546**	**(784,000)**	**14,470,546**
Administrative expenses		(8,233,733)	-	(8,233,733)
Operating profit		**7,020,813**	**(784,000)**	**6,236,813**
Other income	B	407,223	603,498	1,010,721
Impairment		(51,011)	-	(51,011)
Net finance (cost)/income		(137,579)	-	(137,579)
Profit before tax		**7,239,446**	**(180,502)**	**7,058,944**
Income tax charge	D	(1,405,530)	148,960	(1,256,570)
Total profit for the year		**5,833,916**	**(31,542)**	**5,802,374**

The following shows the effect of the prior year adjustment made to the balance sheet as at 31 December 2020:

	Footnotes	As previously reported 2020 £	Restatement impact £	Restated 2020 £
Non-current assets				
Property, plant and equipment		468,156	-	468,156
Intangible assets		42,617,969	-	42,617,969
Right-of-use assets		2,905,446	-	2,905,446
Contract fulfilment assets		894,182	-	894,182
Investments in subsidiaries		9,189,419	-	9,189,419
Trade and other receivables		403,800	-	403,800
Deferred tax		4,183,329	-	4,183,329
Retirement benefit surplus		850,000	-	850,000
Total non-current assets		**61,512,301**	**-**	**61,512,301**
Current assets				
Trade and other receivables	**E**	28,818,474	(93,326)	28,725,148
Cash		8,737,560	-	8,737,560
Total current assets		**37,556,034**	**(93,326)**	**37,462,708**
Total assets		**99,068,335**	**(93,326)**	**98,975,009**
Current liabilities				
Trade and other payables		21,589,886	-	21,589,886
Deferred income		8,077,456	-	8,077,456
Lease liabilities		702,355	-	702,355
Provisions		2,503,303	-	2,503,303
Income tax payable	**F**	1,671,853	(356,440)	1,315,413
		34,544,853	**(356,440)**	**34,188,413**
Non-current liabilities				
Deferred income		5,405,121	-	5,405,121
Lease liabilities		3,110,341	-	3,110,341
Provisions		161,730	-	161,730
Total non-current liabilities		**8,677,192**	**-**	**8,677,192**
Total liabilities		**43,222,045**	**(356,440)**	**42,865,605**
Net assets		**55,846,290**	**263,114**	**56,109,404**

Capital and reserves			
Issued share capital	1,475,933	-	1,475,933
Foreign currency translation reserve	1,462	-	1,462
Retained earnings	54,368,895	263,114	54,632,009
Total equity	**55,846,290**	**263,114**	**56,109,404**

Footnotes

E Trade and other receivables :

Amounts due from parent and fellow subsidiary undertaking (2020): adjusted by £1,782,674 for dividend receivable as per joint venture agreement.

Accrued income (2020): adjusted by £1,876,000 to correct over recognition of accrued income in prior periods on a contract.

F Income tax payable (2020) - adjusted by £356,440 for income tax effect on restatement.