Company Registration No. 02018542 (England and Wales)

CAPITA PROPERTY AND INFRASTRUCTURE LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

CAPITA PROPERTY AND INFRASTRUCTURE LIMITED

COMPANY INFORMATION

Directors	O L Wildgoose	
	N Garfield	
	D J Spencer	
	D C Manuel on behalf of Capita Corporate Director Limited	
	T L G Trevorrow	(Appointed 31 March 2020)
	G Shilston	(Appointed 1 June 2021)
Secretary	Capita Group Secretary Limited	
Company number	02018542	
Registered office	65 Gresham Street London England EC2V 7NQ	
Accountants	KPMG LLP 1 Sovereign Square Sovereign Street Leeds LS1 4DA	
Bankers	Barclays Bank PLC 1 Churchill Place London E14 5HP	

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CAPITA PROPERTY AND INFRASTRUCTURE LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

The Directors present their Strategic report and financial statements for the year ended 31 December 2020.

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 Group's Specialist Services and Government Services 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.

As shown in the Company's income statement on page 11, the Company's turnover has decreased from £139,752,402 in 2019 to £104,812,893 in 2020 and the results of the Company has improved from an operating profit of £4,298,270 in 2019 to £7,020,813 in 2020. There was a decrease in revenue of £35m due to the early termination of the HS2 contract, Urban Vision and Covid-19 impact. This impact has been mitigated by use of the furlough scheme, reduction in admin expenses and a one-off £7m management charge.

The balance sheet on page 13 and 14 of the financial statements shows the Company's financial position at the year end. Net assets have increased from £50,144,686 in 2019 to £55,846,290 in 2020. The Company has by special resolution dated 13 January 2020 reduced the share premium to £nil and credited the same to retained earnings. 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 Specialist Services and Government Services division of Capita plc is discussed in the Group's annual report which does not form part of this report. The Strategic report in the Annual Report of the 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 cannot provide absolute) assurance that significant risks are identified and addressed. An active risk management process identifies, assesses, mitigates and reports on strategic, financial, operational and compliance risk.

The principal themes of risk for the Company are:

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

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

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

Capita plc, has also implemented appropriate controls and risk governance techniques across all of 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 38 and 39 of Capita plc's 2020 Annual Report.

In common with all companies within the Group, the Company has a clear focus on its stakeholders which includes, but is not limited to the following :

Stakeholders

Our People	
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.
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 human resource policies (eg. furlough and flexible working).
Key Metrics	Employee net promoter score, people survey completion level.
Clients and Customers	
What matters to them?	High-quality service delivery, sustainability, and rapid response to support pandemic planning.
How we engaged?	Client meetings and surveys, regular meetings with key clients and customers.
Topics of Engagement	Remote working on client services as a result of Covid-19, current service delivery, possible future services, and co-creation of client value propositions.
Outcomes and actions	Receipt of regular detailed feedback summaries, application of standard Capita plc policies and procedures which includes the establishment of the Group contract review committee to ensure delivery against contractual obligations.
Key Metrics	Customer net promoter score, specific feedback on client engagements.
Supplier and Partners	
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 the source to procure process, regular reviews with suppliers, and supplier questionnaires.
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 the procurement process, improvement plans and innovation opportunities, and improved adherence to the Supplier Charter.
Key Metrics	Percentage of supplier payments within agreed terms, supplier relationship management feedback score, and supplier diversity profile.

Society	
What matters to them?	Social mobility, youth skills and jobs, digital inclusion, diversity and inclusion, climate change, and business ethics.
How we engaged?	Membership of non-governmental organisations, and charitable and community partnerships.
Topics of Engagement	Youth employment, tackling digital exclusion, workplace inequalities, and carbon reduction targets.
Outcomes and actions	Implementation of real living wage, youth and employability programme, and commitments to tackle racism and enhance ethnic diversity.
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

31 August 2021

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

The Directors present their Directors' report and financial statements for the year ended 31 December 2020.

Results and dividends
The results for the year are set out on page 11 to 12.

During the year, the Company did not propose or pay any dividend (2019: £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	
D C Manuel on behalf of Capita Corporate Director Limited	
G Sant	(Resigned 31 March 2020)
S Freeman	(Resigned 14 May 2021)
T L G Trevorrow	(Appointed 31 March 2020)
G Shilston	(Appointed 1 June 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 or incurred any political expenditure during the year (2019: £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 Company or to cease operations,or have no realistic alternative but to do so.

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

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

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the C ompany's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement of disclosure to auditor

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. Such 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
31 August 2021

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 2020 which comprise the Income Statement, the Balance Sheet and the 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 2020 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 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 stated above, they have concluded that a material uncertainty related to going concern exists.

Based on our financial statements audit work, we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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 and inspection of policy documentation as to the Company's high-level policies and procedures to prevent and detect fraud, including the Company's channel for "whistleblowing" as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes and internal audit reports.
- Considering renumeration incentive schemes and performance targets for management.
- 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.

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

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 the risk of fraudulent revenue recognition, in particular the risk that revenue is recorded in the wrong period and the risk that management may be in a position to make inappropriate accounting entries.

We did not identify any additional fraud risks.

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 or individuals who do not frequently post journals, and those posted to unusual accounts, including unexpected combination of entries related to revenue, expenses, cash and borrowings.

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 (as required by auditing standards), and from inspection of the Company's regulatory and legal correspondence and discussed with the directors 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: health and safety, anti-bribery, and employment law. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors 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.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF CAPITA PROPERTY AND INFRASTRUCTURE LIMITED

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 report 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 5, 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.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF CAPITA PROPERTY AND INFRASTRUCTURE LIMITED

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.

Katharine L'Estrange (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 Sovereign Square
Sovereign Street
Leeds
LS1 4DA

31 August 2021

CAPITA PROPERTY AND INFRASTRUCTURE LIMITED

INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 £	2019 £
Revenue	3	104,812,893	139,752,402
Cost of sales		(89,558,347)	(106,947,131)
Gross profit		**15,254,546**	**32,805,271**
Administrative expenses		(8,233,733)	(28,507,001)
Operating profit	4	**7,020,813**	**4,298,270**
Other income	5	407,223	252,444
Impairment	13	(51,011)	-
Net finance (cost)/income	6	(137,579)	129,450
Profit before tax		**7,239,446**	**4,680,164**
Income tax expense	8	(1,405,530)	(1,146,886)
Total profit for the year		**5,833,916**	**3,533,278**

The notes on pages 16 to 51 form an integral part of these financial statements.

CAPITA PROPERTY AND INFRASTRUCTURE LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020	2019
		£	£
Profit for the year		5,833,916	3,533,278
Other comprehensive expense:			
Items that will not be reclassified subsequently to income statement:			
Actuarial loss on defined benefit pension schemes	**22**	(130,000)	(440,000)
Income tax effect	**8**	4,500	74,800
Other comprehensive expense for the year, net of tax		(125,500)	(365,200)
Total comprehensive income for the year, net of tax		**5,708,416**	**3,168,078**

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

The notes on pages 16 to 51 form an integral part of these financial statements.

CAPITA PROPERTY AND INFRASTRUCTURE LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2020

	Notes	2020 £	2019 £
Non-current assets			
Property, plant and equipment	**9**	468,156	1,522,028
Intangible assets	**10**	42,617,969	43,353,078
Right-of-use assets	**11**	2,905,446	3,157,930
Contract fulfilment assets	**12**	894,182	1,239,889
Investments in subsidiaries	**13**	9,189,419	9,240,441
Trade and other receivables	**14**	403,800	1,122,645
Deferred tax	**8**	4,183,329	2,532,409
Retirement benefit surplus	**22**	850,000	1,010,000
		61,512,301	**63,178,420**
Current assets			
Trade and other receivables	**14**	28,818,474	36,729,322
Income tax receivable		-	461,248
Cash	**15**	8,737,560	1,349,643
		37,556,034	**38,540,213**
Total assets		**99,068,335**	**101,718,633**
Current liabilities			
Trade and other payables	**16**	21,589,886	33,452,170
Deferred income	**17**	8,077,456	7,287,511
Lease liabilities	**18**	702,355	927,739
Provisions	**19**	2,503,303	2,106,373
Income tax payable		1,671,853	-
		34,544,853	**43,773,793**
Non-current liabilities			
Deferred income	**17**	5,405,121	5,421,049
Lease liabilities	**18**	3,110,341	2,108,023
Provisions	**19**	161,730	271,082
		8,677,192	**7,800,154**
Total liabilities		**43,222,045**	**51,573,947**
Net assets		**55,846,290**	**50,144,686**

CAPITA PROPERTY AND INFRASTRUCTURE LIMITED

BALANCE SHEET (CONTINUED)

AS AT 31 DECEMBER 2020

	Notes	2020 £	2019 £
Capital and reserves			
Issued share capital	**20**	1,475,933	1,475,933
Share premium		-	55,923,274
Foreign currency translation reserve		1,462	8,274
Retained earnings/(deficit)		54,368,895	(7,262,795)
Total equity		**55,846,290**	**50,144,686**

The notes on pages 16 to 51 form an integral part of these financial statements

Approved by Board and authorised for issue on 31 August 2021

D J Spencer
Director

Company Registration No. 02018542

CAPITA PROPERTY AND INFRASTRUCTURE LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

	Share capital	Share premium	Foreign currency translation reserve	Retained earnings	Total equity
	£	£	£	£	£
At 1 January 2019	**1,475,933**	**55,923,274**	**158,228**	**(10,589,101)**	**46,968,334**
Profit for the year	-	-	-	3,533,278	3,533,278
Other comprehensive expense	-	-	-	(365,200)	(365,200)
Total comprehensive income for the year	-	-	-	**3,168,078**	**3,168,078**
Contribution in respect of share based payment charge	-	-	-	18,765	18,765
Settlement of share based payment charged by intercompany	-	-	-	(18,765)	(18,765)
Foreign exchange	-	-	8,274	-	8,274
Reclass from FCTR to retained earnings	-	-	(158,228)	158,228	-
At 31 December 2019	**1,475,933**	**55,923,274**	**8,274**	**(7,262,795)**	**50,144,686**
Profit for the year	-	-	-	5,833,916	5,833,916
Other comprehensive expense	-	-	-	(125,500)	(125,500)
Total comprehensive income for the year	-	-	-	**5,708,416**	**5,708,416**
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	**1,475,933**	**-**	**1,462**	**54,368,895**	**55,846,290**

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

b) 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.

c) 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 16 to 51 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.

In determining the appropriate basis of preparation for the annual report and financial statements for the year ended 31 December 2020, 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 accounts. The Directors have concluded that it is appropriate to adopt the going concern basis, having undertaken a rigorous assessment of the financial forecasts, key uncertainties, and sensitivities, as set out below.

Board assessment

Base case scenario

The financial forecasts used for the going concern assessment are derived from the 2021-2023 financial projections for the Company which have been subject to review and challenge by management and the Directors. The Directors have approved the projections. The financial projections captures the benefits that the Capita group-wide transformation plan is anticipated to deliver, including sales growth together with margin improvements and cost out targets, and the costs to achieve these. Covid -19 has introduced unprecedented economic uncertainties and has led to increased judgement particularly in forecasting future financial performance. The forecast impact of Covid-19 has been incorporated within the base case forecasts, however the continuing uncertainty over how the Covid-19 pandemic might evolve, including the speed and timing of economic recovery, makes precise forecasting challenging.

Severe but plausible downside

In addition to the base case, the Directors considered severe but plausible downside scenarios, recognising the execution risk associated with the transformation programme and the broader uncertainty arising from Covid-19. The downside scenarios include trading downside risks, which assumes the transformation plan is not successful in delivering the anticipated revenue growth, together with increased attrition, and further impacts of Covid-19. In addition, the downside scenario includes potential adverse financial impacts that could arise from unforeseen operational issues leading to contract losses and cash outflows.

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

Finally, the assessment has considered the extent to which the Company is reliant on the Group. The Company is reliant on the Group in respect of the following:

- provision of certain services such as administrative support services should the Group be unable to deliver these services, the Company would have difficulty in continuing to trade;
- participation in the Group's notional cash pooling arrangements, of which £1,085,022 was held at 31 July 2021. 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 £4,474,353 from fellow Group undertakings as of 31 July 2021. 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)

The financial projections are also dependent on the Company's parent and fellow subsidiary companies, not seeking repayment of the amounts currently due to the Group, which at 31 December 2020 amounted to £9,933,555. These Group and fellow subsidiary companies have indicated that they do not intend to seek repayment of these amounts for the period covered by the forecasts.

As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Given the reliance the Company has on the Group, the Directors have considered the financial position of the ultimate parent undertaking as disclosed in its most recent financial statements, being for the 6 months ended 30 June 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 condensed consolidated financial statements to 30 June 2021. These financial statements were approved by the Board on 5 August 2021 and are available on the Group's website (www.capita.com/investors). Below is a summary of the position as at 5 August 2021:

Accounting standards specify that the foreseeable future for going concern assessment covers a period of at least 12 months from the date of approval of these condensed consolidated financial statements, although those standards do not specify how far beyond 12 months a Board should consider. In its going concern assessment, the Board has considered the period from the date of approval of these condensed consolidated financial statements to 31 December 2022 ('the going concern period'), in recognition of the fact that there are scheduled debt repayments totalling £433m over that period, including £156m scheduled in November 2022.

Absent any mitigating actions, liquidity headroom shown in the Group's financial forecasts under the severe but plausible downside scenario over the period to 31 December 2022 reduces substantially such that there is a risk of liquidity being insufficient.

There are mitigations, under the direct control of the Group, that could be implemented to address any immediate shortfalls. These includes reductions in variable pay rises, setting aside any bonus payments and limiting discretionary spend. While these are available as possible short-term mitigations and would be actioned if required to ensure sufficient liquidity, the Board is mindful that such restrictions may be detrimental to the longer-term success of the Group. In addition, such actions would not necessarily address potential liquidity requirements beyond the going concern period should all the downside risks materialise.

Accordingly, the principal mitigation to the possibility of insufficient liquidity is that the Board has approved a disposal programme which covers businesses that do not align with the longer-term strategy. In March 2021, the Group announced its target of realising future gross proceeds of £700m from the ongoing disposal programme. With around 75% of this target having been achieved through the ESS and AXELOS disposals, 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. Notwithstanding the extension of Revolving Credit Facility availability from August 2022 to August 2023 agreed in June 2021 coupled with the ongoing successful delivery of the disposal programme, the Board continues to assess the potential for such a refinancing.

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, that major disposals may be subject to shareholder and, potentially, lender approval. Such agreements and approvals, and also any refinancing, are outside the direct control of the Company. Therefore, given that certain 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 realise its assets and discharge its liabilities in the normal course of business.

Reflecting the Board's confidence in the benefits expected from 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 condensed consolidated financial statements. The Board has concluded that the Group will continue to have adequate financial resources to realise its assets and discharge its liabilities as they fall due over the period to 31 December 2022. Consequently, these condensed consolidated 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 release its assets and discharge its liabilities as they fall due over the period to 31 December 2022 (the "going concern period"). Consequently, the annual report and financial statements have been prepared on the going concern basis.

However, as the Group's condensed consolidated financial statements have identified material uncertainties giving rise to significant doubt over the Group's ability to continue as a going concern in a severe but plausible downside scenario, and 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 realise its assets 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 FRS 101 – Reduced Disclosure Framework in the preparation of its financial statements. The Company has prepared and presented these financial statements by applying the recognition, measurement and disclosure requirements of international 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 consolidated financial statements are prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards (IFRSs) adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union and are available to the public and may be obtained from Capita plc's website on http://investors.capita.com.

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

- A cash flow statement and related notes;
- Comparative period reconciliations for share capital, tangible fixed assets and intangible assets;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- 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.

As the consolidated financial statements of Capita plc include equivalent disclosures, the Company has also taken the disclosure exemptions under FRS 101 available in respect of the following disclosure:
- Certain disclosures required by IFRS 2 Share Based Payments in respect of Group settled share based payments;
- Certain disclosures required by IAS 36 Impairments of assets in respect of the impairment of goodwill and indefinite life intangible assets;
- Certain disclosures required by IFRS 3 Business Combinations in respect of business combinations undertaken by the Company, in the current and prior periods including the comparative period reconciliation for goodwill;
- Certain Disclosures required by IFRS 13 Fair Value Measurement.; and
- Disclosures required by IFRS 7 Financial Instrument Disclosures.

1 Accounting policies **(Continued)**

1.3 Changes in accounting policies

The Company has adopted the new amendments to standards detailed below but they do not have a material effect on the Company's financial statements.

New amendments or interpretation	Effective date
Amendments to References to the Conceptual Framework in IFRS Standards	1 January 2020
Definition of Material (Amendments to IAS 1 and IAS 8)	1 January 2020
Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)	1 January 2020
Definition of a Business (Amendments to IFRS 3)	1 January 2020
COVID-19 - Related Rent Concessions (Amendments to IFRS 16)	1 June 2020

1.4 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 and 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 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 works 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 input method is used. Under this input method cost 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 are 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 the standard.

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 client sign off and the residual 25% after payment from the client.

1 Accounting policies **(Continued)**

1.4 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.

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

1 Accounting policies **(Continued)**

1.4 Revenue recognition (continued)

A contract fulfilment asset or capitalised costs to obtain a contract is derecognised either when it is disposed of or when no further economic benefits are expected to flow from its use or disposal.
Management is required to determine the recoverability of contract related assets within property, plant and equipment, intangible assets as well as contract fulfilment assets, capitalised costs to obtain a contract, accrued income and trade receivables. At each reporting date, the Company determines whether or not the contract fulfilment assets and capitalised costs to obtain a contract are impaired by comparing the carrying amount of the asset to the remaining amount of consideration that the Company expects to receive less the costs that relate to providing services under the relevant contract. In determining the estimated amount of consideration, the Company uses the same principles as it does to determine the contract transaction price, except that any constraints used to reduce the transaction price will be removed for the impairment test.

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

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

1.5 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.

1.6 Intangibles

Capitalised software development
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)**

1.7 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 which we have taken the exemption in the standard. These are expensed to the income statement.

At the inception of the lease, the Company recognises a right-of-use asset and a lease liability. A 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.

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

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

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

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

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

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. Payments associated with leases that have a term of less than 12 months or are of low value are recognised as an expense in the income statement as incurred.

The Company as a lessor

The Company acts as an intermediate lessor of property assets and equipment. 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 profit and loss account 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 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 these schemes and as such are reported on a defined contribution basis recognising a cost equal to its contribution paid 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.

As 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 funding assessment 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.

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 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.

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 this defined benefit pension scheme 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 value of a net pension benefit asset is restricted to the present value of any amount the Company expects to recover by way of refunds from the plan or reductions in the future contributions.

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

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

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

Deferred tax liabilities are recognised for all taxable temporary differences:

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

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

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

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

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

No expense is recognised for awards that do not ultimately vest 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, attributable to the Company, since the previous balance sheet date is recognised in the income statement and settled with Capita plc, the ultimate parent undertaking.

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

1.15 Financial instruments

Investments and other financial assets

(i) Classification
The Company classifies its financial assets in the following measurement categories:

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

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

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

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 in profit or loss.

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 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 3 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 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 branches 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 group accounts as it is exempt from the requirement to do so by section 400 of the Companies Act 2006 as it is a subsidiary undertaking of Capita plc, a company incorporated in England and Wales, and is included in the consolidated accounts of that company.

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

The key sources of estimation uncertainty that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are the measurement and impairment of goodwill and provisions. The Company determines whether goodwill is impaired on an annual basis and thus requires an estimation of the value in use of the cash-generating units to which the intangible assets are allocated. This involves estimation of future cash flows and choosing a suitable discount rate. The measurement of provisions reflects management's assessment of the probable outflow of economic benefits resulting from an existing obligation. Provisions are calculated on a case by case basis and involve judgement as regards the final timing and quantum of any financial outlay.The measurement of revenue and resulting profit recognition - due to the size and complexity of some of the Company's contracts, requires judgements to be applied, including the measurement and timing of revenue recognition and the recognition of assets and liabilities, including an assessment of onerous contract, that result from the performance of the contract.

3 Revenue

Geographical market	**2020**	**2019**
	£	**£**
United Kingdom	102,716,112	134,788,071
Overseas	2,096,781	4,964,331
	104,812,893	**139,752,402**

4 Operating profit

	2020	2019
	£	£
Operating profit for the year is stated after charging/(crediting):		
Net foreign exchange(gains)/ loss	(1,265,941)	218,891
Depreciation of property, plant and equipment	612,730	734,954
Depreciation of right-of-use assets	1,403,288	1,769,592
Amortisation of intangible assets	82,718	164,698
Impairment of intangible assets	-	212,382
Loss on sale of property, plant and equipment	2,156	-
Impairment of right-of-use assets	985,177	379,681
Operating lease rentals - plant and machinery	406,467	1,631,398

Audit fees are borne by the ultimate parent undertaking, Capita plc. The audit fee for the current period was £70,000 (2019: £73,903). The Company has taken advantage of the exemption provided by regulations 6(2)(b) of The Companies (Disclosure of Auditor Remuneration and Liability Limitation Agreements) Regulations 2008 not to provide information in respect of fees for other (non-audit) services as this information is required to be given in the Company accounts of the ultimate parent undertaking, which it is required to prepare in accordance with the Companies Act 2006.

5 Other income

	2020	2019
	£	£
Rental income	316,493	252,444
Dividend income*	90,730	-
	407,223	**252,444**

*During the year, the Company has received dividend from Capita Glamorgan Consultancy Limited.

6 Net finance (cost)/ income

	2020	2019
	£	£
Interest on lease liability	(133,368)	(99,391)
Interest payable to group undertakings	(14,211)	-
Interest income	-	188,841
Interest on the net defined benefit asset	10,000	40,000
	(137,579)	**129,450**

7 Leases under IFRS 16

	2020	2019
	£	£
Interest expense on lease liabilities	133,368	99,391
Impairment of right-of-use assets	985,177	379,681
Depreciation of right-of-use assets	1,403,288	1,769,592
Short term leases	406,467	1,631,398

CAPITA PROPERTY AND INFRASTRUCTURE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

8 Income tax

The major components of income tax expense for the years ended 31 December 2020 and 2019 are:

	2020	2019
	£	£
Current income tax		
UK corporation tax	1,845,992	205,192
Adjustments in respect of prior periods	1,205,958	422,699
	3,051,950	**627,891**
Deferred income tax		
Origination and reversal of temporary differences	(592,983)	121,021
Adjustment in respect of prior periods	(1,053,437)	397,974
	(1,646,420)	**518,995**
Total tax charge reported in the income statement	**1,405,530**	**1,146,886**

Statement of comprehensive income	**2020**	**2019**
	£	£
Deferred income tax movement in relation to actuarial losses on defined benefit plans	(4,500)	(74,800)

The reconciliation between tax charge and the accounting profit multiplied by the UK corporation tax rate for the years ended 31 December 2020 and 2019 is as follows:

	£	£
Profit before tax	7,239,446	4,680,164
Profit/(loss) before taxation multiplied by standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	1,375,495	889,231
Taxation impact of factors affecting tax charge:		
Adjustments in respect of current income tax of prior periods	1,205,958	422,699
Adjustments in respect of deferred tax of prior periods	(1,053,437)	397,974
Expenses not deductible for tax purposes	337,051	32,235
Impact of changes in statutory tax rates	(442,064)	(14,237)
Non taxable income	(17,473)	(581,016)
Total tax adjustments	30,035	257,655
Total tax charge reported in the income statement	**1,405,530**	**1,146,886**

8 Income tax **(Continued)**

	Balance sheet		Income Statement	
	2020	**2019**	**2020**	**2019**
	£	**£**	**£**	**£**
Deferred tax assets				
Decelerated capital allowances	1,337,917	1,153,273	(184,644)	(331,834)
Losses	2,902,474	2,596,950	(305,524)	(219,384)
Contract fulfilment asset	-	(124,417)	(124,417)	124,417
Other short term timing differences	104,438	(921,697)	(1,026,135)	942,396
Surplus pension asset	(161,500)	(171,700)	(5,700)	3,400
Net deferred tax asset	**4,183,329**	**2,532,409**		
Net deferred tax (credit)/expense to income statement			(1,646,420)	518,995
Net deferred tax credit to other comprehensive expense			(4,500)	(74,800)
Total deferred tax (credit)/ expense			**(1,650,920)**	**444,195**

Deferred tax

A change to the main UK corporation tax rate was substantively enacted on 17 March 2020. The rate applicable from 1 April 2020 now remains at 19 percent, rather than the previously enacted reduction to 17 percent. The UK deferred tax asset at 31 December 2020 has been calculated based on this rate, resulting in a £442,064 tax credit to the income statement in 2020.

On 3 March 2021, it was announced in the Budget that the UK tax rate will increase from 19% to 25% from 1 April 2023 onwards. This will increase the company's future income tax charge from 2023. If this rate change had theoretically been applied to the deferred tax balances at 31 December 2020, the deferred tax asset would have increased by £1,321,051.

9 Property, plant and equipment

	Leasehold improvement	Furniture and fixtures	Computer equipment	Total
	£	£	£	£
Cost				
At 1 January 2020	**1,206,885**	**418,555**	**997,629**	**2,623,069**
Additions	-	-	82,644	82,644
Intragroup transfer	-	(248,101)	(196,485)	(444,586)
Disposals	(6,865)	-	(12,176)	(19,041)
Asset retirement	(663,995)	(54,083)	(518,625)	(1,236,703)
At 31 December 2020	**536,025**	**116,371**	**352,987**	**1,005,383**
Depreciation and impairment				
At 1 January 2020	**428,220**	**116,418**	**556,403**	**1,101,041**
Intragroup transfer	-	(158,513)	(126,172)	(284,685)
Disposals	(334)	-	(1,822)	(2,156)
Depreciation	138,725	159,628	314,377	612,730
Asset retirement	(316,995)	(54,083)	(518,625)	(889,703)
At 31 December 2020	**249,616**	**63,450**	**224,161**	**537,227**
Net book value				
At 31 December 2019	**778,665**	**302,137**	**441,226**	**1,522,028**
At 31 December 2020	**286,409**	**52,921**	**128,826**	**468,156**

10 Intangible assets

	Capitalised software development	Goodwill	Total
	£	£	£
Cost			
At 1 January 2020	**620,348**	**87,269,167**	**87,889,515**
Intragroup transfer	(15,732)	-	(15,732)
Business disposal	-	(911,707)	(911,707)
Asset retirement	(402,680)	-	(402,680)
At 31 December 2020	**201,936**	**86,357,460**	**86,559,396**
Amortisation and impairment			
At 1 January 2020	**460,415**	**44,076,022**	**44,536,437**
Amortisation	82,718	-	82,718
Intragroup transfer	(10,274)	-	(10,274)
Business disposal	-	(264,774)	(264,774)
Asset retirement	(402,680)	-	(402,680)
At 31 December 2020	**130,179**	**43,811,248**	**43,941,427**
Net book value			
At 31 December 2019	**159,933**	**43,193,145**	**43,353,078**
At 31 December 2020	**71,757**	**42,546,212**	**42,617,969**

The Company continues to be part of Group's restructuring and multiyear transformation plan. To reflect this, certain reallocations were made between the Group subsidiaries. On 1 February 2020, the Company transferred a part of the land planning business (including landscape architecture and acoustic services for the built environment) and associated assets to GL Hearn Limited.

11 Right of use assets

	Land and buildings Freehold	Equipment	Total
	£	£	£
Balance at 1 January 2020	**1,486,109**	**1,671,821**	**3,157,930**
Additions	1,970,130	146,610	2,116,740
Other movements	19,241	-	19,241
Depreciation charge for the year	(979,071)	(424,217)	(1,403,288)
Impairment	(475,800)	(509,377)	(985,177)
Balance at 31 December 2020	**2,020,609**	**884,837**	**2,905,446**

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 2019	**1,078,180**
Transfer from accrued income and prepayments	749,806
Reclass to current contract fulfilment assets	(294,049)
Utilised during the year- underlying	(294,048)
As at 31 December 2019	**1,239,889**
Additions	539,727
Derecognised during the year	(490,083)
Utilised during the year- underlying	(395,351)
As at 31 December 2020	**894,182**

13 Investment in subsidiaries

	Shares in subsidiary
	£
At 1 January 2020	**9,240,441**
Impairment (Note a)	(51,011)
Disposals	(11)
At 31 December 2020	**9,189,419**

Details of the Company's direct subsidiaries at 31 December 2020 are as follows:

Company	Country of registration or incorporation	Ordinary shares held (%)	Nature of business
Capita Property and Infrastructure (Structures) Limited	65 Gresham Street, London, England, EC2V 7NQ	100	Property Services
Urban Vision Partnership Limited	Civic Centre, Chorley Road, Swinton, M27 5AS, United Kingdom	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

(Continued)

13 Investment in subsidiaries

Capita Symonds Property and Infrastructure Consultants (KSA)	King Abdul Aziz Street, PO BOX 7052, Dammam, Saudi Arabia	50	Dormant
Capita Property and Infrastructure Consultants LLC#	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	Landmark Virtual Offices, Africa Re Building - Plot 1679, Karimu Kotun Street, Victoria Island, Lagos, Nigeria	97.3	Dormant
Capita Property and Infrastructure International Holdings Limited	65 Gresham Street, London, England, EC2V 7NQ	100	Dormant

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

Capita Cyprus Limited(**)	3, Themistocles Dervis Street, Julia House, 4th Floor, Nicosia 1066, Cyprus	100	Dormant
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 (Structures) Limited (Israeli Branch)	38 Yefet Street, Jaffa, 68130, Israel	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

in liquidation   * Dissolved   ** Under Strike off

13 Investment in subsidiaries

Note a) As at 31 December 2020, the Directors tested the impairment of investments by comparing the recoverable value against the carrying value. Accordingly, the Company has impaired the investment in Capita Property and Infrastructure (Strucutures) Limited of £51,011 during the year.

14 Trade and other receivables

Current	2020 £	2019 £
Trade receivables	8,525,972	15,510,622
Other receivables	225,582	249,149
Accrued income	11,984,862	13,055,402
Prepayments	443,671	1,211,923
Contract fulfilment assets	-	294,049
Amounts due from parent and fellow subsidiary undertaking	7,638,387	6,408,177
	28,818,474	**36,729,322**

Non-current	2020 £	2019 £
Accrued income	-	609,300
Prepayments	403,800	513,345
	403,800	**1,122,645**

15 Cash

	2020 £	2019 £
Cash at bank and in hand	8,737,560	1,349,643
	8,737,560	**1,349,643**

16 Trade and other payables

	2020	2019
	£	£
Current		
Trade payables	3,337,752	4,815,633
Other payables	146,958	374,243
Other taxes and social security	3,097,500	4,228,795
Accruals	5,074,121	5,513,252
Amounts due to parent and fellow subsidiary undertaking	9,933,555	18,520,247
	21,589,886	**33,452,170**

17 Deferred income

	2020	2019
	£	£
Current		
Deferred income	8,077,456	7,287,511
	8,077,456	**7,287,511**
Non-current		
Deferred income	5,405,121	5,421,049
	5,405,121	**5,421,049**

18 Lease liabilities

	2020	2019
	£	£
Current		
Lease liabilities	702,355	927,739
	702,355	**927,739**

18 Lease liabilities **(Continued)**

Non-current		
Lease liabilities	3,110,341	2,108,023
	3,110,341	**2,108,023**

In calculating the lease liability to be recognised on adoption, the Company used a weighted average incremental borrowing rate at 1 January 2020 ranging from 2.62% to 3.94% :

	2020	2019
	£	£
Maturity analysis - Contractual undiscounted cash flows		
Less than one year	1,326,229	947,712
Two to 5 years	2,244,250	2,195,795
Total undiscounted lease liabilities at 31 December	**3,570,479**	**3,143,507**

19 Provisions

Non current

	Insurance	Property	Others	Total
	£	£	£	£
As at 1 January 2020	-	271,082	-	271,082
Additions during the year	-	161,730	-	161,730
Release during the year	-	(271,082)	-	(271,082)
As at 31 December 2020	**-**	**161,730**	**-**	**161,730**

Current

	Insurance	Property	Others	Total
	£	£	£	£
As at 1 January 2020	1,012,766	358,331	735,276	2,106,373
Additions during the year	914,229	-	600,000	1,514,229
Release during the year	-	(20,373)	-	(20,373)
Reclass between categories	-	104,430	(104,430)	-
Utilisation	(495,900)	(52,958)	(548,068)	(1,096,926)
At 31 December 2020	**1,431,095**	**389,430**	**682,778**	**2,503,303**

19 Provisions

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. It represents the cost of reducing role count.

20 Issued share capital

	2020 Numbers	2019 Numbers	2020 £	2019 £
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. (2019: £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 £4,848,747 (2019: £5,626,035).

Public sector defined benefit pension schemes

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 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 scheme.

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 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.

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 line with their Statement of Investment Principles, which is regularly reviewed.

A full statutory funding assessment of the Capita DB Scheme is carried out every three years by an independent actuary for the Trustee Board, with the last full assessment carried out at 31 March 2020. Amongst the main purposes of the assessment 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 assessment showed a funding deficit of £182m (31 March 2017: £185m). This equates to a funding level of 88.8% (31 March 2017: 86.1%).

In addition to the £176m deficit payments agreed as part of the 2017 statutory funding assessment (which were fully paid between 2018 and early 2021), and as a result of the 2020 statutory funding assessment, the Principal Employer and the Trustee Board have agreed the payment of additional contributions totalling £124m between

(Continued)

22 Employee benefits

July 2021 and December 2023 with the intention of removing the deficit calculated as at 31 March 2020 by December 2023 (after allowing for contributions made by the Principal Employer between the funding assessment date and the date of the funding agreement).Further to this, the Principal Employer has also agreed to pay an additional £45m between 2024 and 2026 in order to target a low-risk funding arrangement with low reliance on the covenant provided by the Group.

The Principal Employer also 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 scheme funding assessment is expected 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 funding assessment to 31 December 2020 on the relevant accounting requirements.

The principal assumptions for the valuation at 31 December 2020 were as follows: rate of increase in the RPI/CPI price inflation - 2.9% pa/2.15% pa (2019: 3.0% pa/2.0% pa); rate of salary increase – 2.9% pa (2019: 3.0% pa); rate of increase for pensions in payment (where RPI inflation capped at 5% pa applies) –2.85% pa (2019: 2.95% pa); discount rate – 1.3% pa (2019: 2.05% pa).

The Capita DB Scheme assets at fair value at 31 December 2020 totalled £1,568.8m (2019: £1,378.1m). The actuarially assessed value of Capita DB Scheme liabilities at 31 December 2020 was £1,810.6m (2019: £1,623.8m) indicating that the Capita DB Scheme had a net liability of £241.8m (2019: net liability of £245.7m). These figures are quoted gross of deferred tax. The full disclosure is available in the consolidated accounts of Capita plc. The above figures reflect that Capita's segregated section of a multi-employer defined benefit scheme (the Water Associated Employers Pension Scheme (WAEPS)) merged with the Capita DB Scheme on 31 March 2020 (with the 2019 comparators adjusted to include the WAEPS values for consistency).

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 £973,614.(2019: £890,845).

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 line with their Statement of Investment Principles, which is regularly reviewed.

The most recent funding assessment 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. The Company is not expected to make any contributions to these sections during 2021.

The next scheduled scheme funding assessment will be carried out with an effective date of 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 2020.

A further UK High Court judgement was made on 20 November 2020 relating to the gender equalisation of guaranteed minimum pensions for historical transfers out of occupational pension schemes. The Company has already made an estimate of the financial impact and included this in its accounts as at 31 December 2018.

For the purposes of IFRIC14, a net pension asset is deemed to be recoverable as the Company has a 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 £30,000 (2019: (£20,000)).

(Continued)

22 Employee benefits

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

	2020	2019
	%	%
Discount rate	1.30	2.05
Pension growth rate (RPI)	2.90	3.0
Salary growth rate	2.90	3.0

Mortality assumptions

	2020	2019
	Years	Years
Assumed life expectations on retirement at age 65:		
-Males	22.5	22.7
-Females	24.3	24.2
Member currently aged 45 (life expectancy at 65)		
-Males	22.4	23.1
-Females	25.3	25.2

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

	2020	2019
Administration cost	40,000	20.000
Net interest on defined benefit liability/(asset)	(10,000)	(40,000)
	30,000	**(20,000)**

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

	2020	2019
	£	£
Actuarial changes arising from changes in demographic assumptions	(10,000)	(20,000)
Actuarial changes arising from changes in financial assumptions	130,000	120,000
Actuarial changes arising from experience	-	540.000
Actuarial changes related to plan assets	10,000	(200,000)
Total actuarial loss	**130,000**	**440,000**

(Continued)

22 Employee benefits

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

	2020	2019
	£	£
Present value of defined benefit obligations	1,340,000	1,220,000
Fair value of plan assets	(2,190,000)	(2,230,000)
Surplus in scheme	**(850,000)**	**(1,010,000)**

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

	2020	2019
	£	£
At 1 January	1,220,000	2,450,000
Current service cost	-	-
Administration cost	40,000	20,000
Benefits paid	(70,000)	(1,960,000)
Actuarial gains and losses	120,000	640,000
Interest cost	30,000	70,000
At 31 December	**1,340,000**	**1,220,000**

The defined benefit obligations arise from plans funded as follows :

	2020	2019
	£	£
Wholly or partly funded obligations	1,340,000	1,220,000
	1,340,000	**1,220,000**

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

	2020	2019
	£	£
At 1 January	2,230,000	3,880,000
Interest income	40,000	110,000
Return on plans assets (excluding amounts including in net interest)	(10,000)	200,000
Benefits paid	(70,000)	(1,960,000)
At 31 December	**2,190,000**	**2,230,000**

The actual return on plan assets was £30,000 (2019 : £310,000).

(Continued)

22 Employee benefits

Sensitivity of the defined benefit obligations to changes in assumptions

	2020	2019
	£	£
0.1% p.a decrease in discount rate	1,360,000	1,240,000
0.1% p.a increase in salary growth rate	1,340,000	1,220,000
0.1% p.a increase in inflation rate	1,360,000	1,240,000
1 year increase in life expectancy	1,390,000	1,270,000

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

	Quoted 2020	Unquoted 2020	Quoted 2019	Unquoted 2019
Equity instruments	310,000	-	460,000	-
Debt instruments	1,080,000	-	730,000	-
Property	170,000	-	170,000	-
Diversified Growth Funds	320,000	-	410,000	-
Multi-asset credit fund	300,000	-	460,000	-
Cash	10,000	-	-	-
	2,190,000	-	**2,230,000**	-

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 valuations for each of these schemes.

Interest rate risk: the discount rate is derived based on the 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 liabilities 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 liabilities and therefore worsen the funding position of the schemes.

In order 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 accounts of Capita plc for further information.

23 Employees

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

	2020 Number	2019 Number
Sales	14	18
Administration	81	145
Operations	1,260	1,410
	1,355	**1,573**

Their aggregate remuneration comprised:

Employee costs	2020 £	2019 £
Wages and salaries	52,005,035	62,251,187
Social security costs	6,014,696	7,239,398
Pension costs	5,822,361	6,516,880
Shared based payments	80,191	18,765
	63,922,283	**76,026,230**

During the year, the Company furloughed employees unable to work as a result of the Covid-19 pandemic and applied to the Coronavirus Job Retention Scheme (CJRS) operated by the UK Government. Amounts received under CJRS are treated as a government grant and deducted from the relevant cost in the Company's income statement. During the year, the Company received £1,115,743 under CJRS.

24 Related party transactions

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

Nature of Transaction	Name of Company	Year	Fellow Subsidiary	Subsidiaries	Total
Purchase of Goods/ Services					**£**
	Urban Vision Partnership Ltd	December 31, 2020	-	210,540	210,540
		December 31, 2019	-	825,425	825,425
	Capita Glamorgan Consultancy	December 31, 2020	-	394,861	394,861
		December 31, 2019	-	801,144	801,144
	Entrust Support Services Ltd	December 31, 2020	-	-	-
		December 31, 2019	225	-	225
	Fera Science Limited	December 31, 2020	-	2,779	2,779
		December 31, 2019	-	3,092	3,092
	Axelos Limited	December 31, 2020	-	-	-
		December 31, 2019	-	225	225
	Total				
		December 31, 2020	**-**	**608,180**	**608,180**
		December 31, 2019	**225**	**1,629,886**	**1,630,111**

24 Related party transactions (Continued)

Nature of Transaction	Name of Company	Year	Fellow Subsidiary	Subsidiaries	Total
Sales of Goods					£
	Urban Vision Partnership Ltd	December 31, 2020	-	404,361	404,361
		December 31, 2019	-	3,547,462	3,547,462
	Capita Glamorgan Consultancy	December 31, 2020	-	3,591,412	3,591,412
		December 31, 2019	-	2,335,282	2,335,282
	Entrust Support Services Ltd	December 31, 2020	-	65,331	65,331
		December 31, 2019		20,842	20,842
	Axelos Limited	December 31, 2020	-	-	-
		December 31, 2019	-	1,468	1,468
	RE (Regional Enterprise) Ltd	December 31, 2020	-	8,622,644	8,622,644
		December 31, 2019	-	14,350,810	14,350,810
	Fera Science Limited	December 31, 2020	-	24,994	24,994
		December 31, 2019	-	-	-
	Total				
		December 31, 2020	-	**12,708,742**	**12,708,742**
		December 31, 2019	-	**20,255,864**	**20,255,864**

24 Related party transactions (Continued)

Closing balance of Related Parties

Nature of Transaction	Name of Company	Year	Fellow Subsidiary	Subsidiaries	Total
Trade Payables					£
	Capita Norman and Dawbarn Ltd	December 31, 2020	-	-	-
		December 31, 2019	-	624,192	624,192
	Total				
		December 31, 2020	-	-	-
		December 31, 2019	-	**624,192**	**624,192**
Trade Receivables					
	Urban Vision Partnership Ltd	December 31, 2020	-	3,148	3,148
		December 31, 2019	-	122,422	122,422
	Capita Glamorgan Consultancy	December 31, 2020	-	11,471	11,471
		December 31, 2019	-	28,218	28,218
	RE (Regional Enterprise) Ltd	December 31, 2020	-	287,011	287,011
		December 31, 2019	-	944,095	944,095
	Capita Gwent Consultancy Limited	December 31, 2020	-	-	-
		December 31, 2019	-	99,871	99,871
	Total				
		December 31, 2020	-	**301,630**	**301,630**
		December 31, 2019	-	**1,194,606**	**1,194,606**

25 Directors' remuneration

	2020	2019
	£	£
Remuneration for qualifying services*	851,612	1,260,521
Company pension contributions to defined contribution schemes	42,913	62,536
	894,525	**1,323,057**

*includes severance pay amounting to £119,112 paid to one Director

Four Directors (2019 : 4) were paid by the Company and one Director was 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 5 (2019 - 6).

The number of Directors who exercised share options during the year was nil (2019 - nil).
Remuneration disclosed above include the following amounts paid to the highest paid Director:

	2020	2019
	£	£
Remuneration for qualifying services	277,075	316,363
Company pension contributions to defined contribution schemes	3,503	2,631
	280,578	**318,994**

26 Controlling party

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

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

27 Post balance sheet event

The full statutory funding assessment of the Capita DB Scheme as at 31 March 2020 was finalised on 30 June 2021. The 31 March 2020 statutory funding assessment showed a funding deficit of £182m which equates to a funding level of 88.8%. In addition to the £176m deficit payments agreed as part of the 2017 statutory funding assessment (which were fully paid between 2018 and early 2021), and as a result of the 2020 statutory funding assessment, the Principal Employer and the Trustee have agreed the payment of additional contributions totalling £124m between July 2021 and December 2023 with the intention of removing the deficit calculated as at 31 March 2020 by December 2023 (after allowing for contributions made by the Principal Employer between the funding assessment date and the date of the funding agreement). Further to this, the Principal Employer has also agreed to pay an additional £45m between 2024 and 2026 in order to target a low-risk funding arrangement with low reliance on the covenant provided by the Group. The Principal Employer also 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 statutory scheme funding assessment is expected to be carried out with an effective date of 31 March 2023. The finalisation of the 31 March 2020 statutory funding assessment has no impact on the annual accounts of the Company and is treated as a non-adjusting event.