

# **Teleperformance Limited**

## **Annual Report & Financial Statements**

Registered Number 02060289

31 December 2020

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## Strategic Report

The directors present their strategic report for the year ended 31 December 2020.

### Principal activities

Teleperformance Limited provides services to many of the most respected brands in the UK and across the globe by providing customer care, technical support, customer acquisition, digital solutions, analytics, back-office and other specialized services to ensure consistently positive customer interactions. The contact centres of Teleperformance interact with clients' customers through a wide variety of channels including voice, e-mail, SMS, web-chat and social media.

These services are provided from multiple 'outsource' locations across the UK in addition to service delivery from a number of clients' own 'insource' facilities.

The Company is a subsidiary of the largest outsourced omnichannel customer experience management service organisation in the world, Teleperformance S.E. Group.

### Review of business & future developments

#### *Business focus*

In 2020, the primary focus of the Directors has been to continue to deliver excellent service to our wide portfolio of clients, while keeping our employees safe through the impacts of the global pandemic.

The restructuring of the business in 2019, as set out in our 2019 strategic report, provided a strong platform for the company on entering 2020. Whilst the arrival and impacts of the global pandemic in Q1 2020 could not have been foreseen, this platform along with fantastic efforts across the business ensured we continued to trade strongly throughout the pandemic and in fact grew our business throughout the year.

The priorities of the Directors throughout 2020, are summarised in the following statements:

- Ensuring business continuity for all our clients throughout the pandemic – achieved through fast deployment of technology, a 'people first' strategy where a material amount of our employees were transitioned to a work-at-home solution, and both pace and amazing efforts from all teams within our organisation
- Ensuring a people first strategy, which included ensuring paramount safety of all our employees, significant levels of employee engagement and continued focus on people strategies relating to diversity, well-being and reward. In 2020 Teleperformance Limited was accredited as a 'Great Place To Work' and furthermore was included in the Top 30 UK workplaces (large organisations)
- Enhancing our transformation capabilities with key investment in people and technology to provide advanced and innovative solutions for our clients
- As a key partner for the UK Government and NHS, providing customer support on a number of key projects and initiatives throughout the pandemic
- Continuing focus on driving growth, efficiency and strong governance throughout the business

In addition to the priorities set out above, we also supported an increased level of offshore transition with our South Africa business (which remains a 100% owned subsidiary of Teleperformance Limited) doubling in size in 2020.

The business continues to focus on its core business offering high quality, strategic solutions on behalf of major public and private sector clients. It is firmly established as one of the largest outsourced customer management providers in the UK market. The Company is frequently nominated for and wins various industry specific awards and has an excellent reputation in the industry. The Company is fully committed to delivering the best practice in standards, policies, security and procedures of the wider global Teleperformance S.E. Group.

## Strategic Report *(continued)*

### Review of business & future developments *(continued)*

#### *Capital investment*

Capital investment in 2020 has been heavily focussed on procurement of assets to enable both material growth in our business and also to enable over 5,000 of our UK employees to work from home. Over £2.5m investment was committed in 2020.

Additionally, we invested over £0.5m in refurbishing our City Park site in Glasgow. The fit-out commenced in early 2020 (pre-pandemic) and was completed in June 2020. The investment has enabled the creation of additional high quality premises for both existing and new clients, again ensuring that the Company is able to service more of its client needs in modern, environmentally friendly and customer focused surroundings, whilst also providing great spaces for employees. While the facility is open, it has only operated at lower capacity due to social distancing requirements. We look forward to the full grand opening later in 2021, where the site will be already operating at full capacity due to new client growth secured through 2020.

Further to this, we have continued investment in IT and telephony systems – enabling the Company to keep up to date with the latest technologies and drive through improvements in the business IT infrastructure. Investment in our data centres have improved resilience and disaster recovery strategies across the whole company estate. In 2020 the majority of our investment in this category was on cloud based solutions which are accounted for primarily as an operating expense rather than capital investment.

#### *Security*

The global Teleperformance S.E. Group recognise the ongoing risks pertaining to data protection, fraud and physical security and is rolling out the delivery of increased control through the “Global Essential Compliance and Security Policies” (GECSP) programme. Teleperformance Limited and its subsidiaries follow the same GECSP programme across all of its locations across the world in order to further protect the Company, its clients and employees from potential threats in these areas. This will be achieved by improving policies, enhancing procedures and tightening controls and in doing so, ensure that it continues to lead the market by helping to mitigate the associated risks.

The Company continues to embrace the GDPR standard and has successfully implemented the complex requirements that this legislation covers.

#### *Financial results*

Turnover increased from £169m to £267m (+58%) and continued to be derived primarily from UK based clients. The increase in the year was attributable to a number of factors, primarily:

- Revenues from existing client volume growth across a number of sectors as we work closer with clients to expand their services and capabilities
- Revenues from new business wins secured in 2019 and early 2020 that grew in 2020
- Being successfully selected by the UK Government as a strategic delivery partner on projects related to the pandemic. The Directors are extremely proud to have been selected and have ensured that Teleperformance Limited has delivered to the highest standards for the UK Government and the NHS to support the UK public

Gross margin in the year increased from £42.3m to £61.1m. Gross margin percentage reduced slightly, partly due to impacts of the continuing tough UK economic climate and the annual increase of the National Living Wage, and also partly due to carrying out lower margin business in support of the pandemic.

The business delivered an operating profit of £14.9m (5.6%). The restructuring of the business in 2019 created a stronger platform to deliver profitability which combined with sales growth, strong cost management and ensuring robust commercial agreements, have enabled the business to return to profitability.

## Strategic Report *(continued)*

### Review of business & future developments *(continued)*

#### *Other*

The business has significant fixed assets, the value of which it is confident of realising through future trading activity. In addition, the company has recovered its trade debtor and accrued income balances since the year end so no impairment of any amounts is anticipated. The business will continue to invest to support ongoing activities.

Management use Key Performance Indicators (KPIs) to monitor the results of the business. The detail of the KPIs has not been published in this review due to their sensitivity, but include client service levels and business outcomes, employee satisfaction and a range of both operational and financial performance metrics.

Continued significant investment in the IT infrastructure and security protection environment will ensure quality and resilience of the service provision. Investment and operating strategies will be continually reviewed and amended to match client needs.

Following a business wide review of risks and opportunities regarding Brexit, the Company was well placed to meet any challenges and, as expected, in 2020 there have been no material impacts of Brexit on our business.

#### *COVID-19 matters & going concern*

The COVID-19 pandemic presented risks to businesses across the world. Teleperformance Limited was able to mitigate these risks and continue operating successfully, due to swift and decisive actions taken by management throughout the pandemic (summarised below), in addition to the mitigation of risk inherent in our existing business mix and operating model:

- Rapidly moved the majority of our UK business to a work-from-home (WAH) model – working in partnership with our clients, we deployed over 5,000 employees to a successful work-from-home model by May 2020
- Effective deployment of remote IT – through use of IT solutions tried and tested in the wider TP Group along with further investment of over £2m in WAH IT infrastructure this enabled multiple work types to be operated from home on behalf of our clients without any impact to performance
- Relentless focus on health and safety – swift reconfiguration of our sites along with provision of all necessary health & safety measures, to enable a safe and socially distanced environment for our employees who either chose to remain working on site or were required to do so for particular contracts
- Strong and regular communications – focus on good communications throughout the pandemic – from employees, to clients, to suppliers, to wider authorities

The actions above combined with the fact Teleperformance Limited has a client base of over 50 diverse clients spanning multiple sectors meant that not only did our business continue to operate successfully throughout all waves of the pandemic but it also meant that Teleperformance saw only minor impact on its business due to our clients' challenges through COVID-19; an example being that Travel clients only make up a small mix of our overall client base so overall impact was not material.

Accounting standards (in particular IAS 1.25 and 1.26) require the Directors to make an assessment of an entity's ability to continue as a going concern, taking into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period. Management's going concern assessment must be updated to consider all relevant information available up to the date the financial statements are authorised for issue. This assessment has become increasingly relevant in light of the ongoing developments related to the spread of COVID-19 virus.

## Strategic Report *(continued)*

### Review of business & future developments *(continued)*

#### *COVID-19 matters & going concern (continued)*

These financial statements have been prepared on a going concern business which the Directors consider to be appropriate for the following reasons:

- The Directors have prepared cash flow forecasts for the whole of 2021 through to September 2022 which indicate that, taking account of reasonably possible downsides and the anticipated impact of COVID-19 on the operations and its financial resources, the Company will have sufficient funds to meet its liabilities, as they fall due for that period
- Since the Balance Sheet date the Company's cash position has continued to improve. This has been driven by additional sales in 2021 from new contract wins in the second half of 2020, and further growth in the support of HM Government's COVID-19 response, with existing and newly recruited employees and sub-contractors deployed on the NHS Track & Trace, Vaccines Booking & Status, and COVID-19 passport services across multiple sites in the UK
- At the onset of the COVID-19 pandemic, cash flow and liquidity remained a high priority for the Directors. To support this, the business developed advanced reporting, analytics and associated targets focussed on the prompt raising of sales invoices, minimising work in progress, and effective debt collection from clients. As a result of these actions, Days Sales Outstanding at the end of December 2020 stood at 54 days versus a target of 60, net cash reserves have increased (as above), and no bad debt write-offs have been required or are anticipated in the immediate future

Note: On certain bank accounts, the balance is swept to £nil each night, with the positive or negative balance being transferred to a central Group cash pooling account. This central account is held by Teleperformance S.E. Group and cash can be drawn down easily at any point; Teleperformance Limited does not have or require any local overdraft facility. At 30 December 2020, Teleperformance Limited's cash pooling balance was £64.1m. Teleperformance S.E. Group's available liquidity as reported in the 2020 Full Year financial statements was over €2.1bn.

## Strategic Report *(continued)*

### Review of business & future developments *(continued)*

#### *COVID-19 matters & going concern (continued)*

The 2021 reforecast has now been submitted to Teleperformance S.E. Group. Analysis of the current financial position and financial results up to the end of June 2021 are shown below.

Consequently, the Directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis. The Company continues to trade profitably, generate positive cash-flow and has no non-group debt.

#### *(a) Analysis of current (unaudited) financial position*

	2021 Actuals to end of Q2 £000	2020 Actuals Full Year £000
Total assets	178,360	160,271
Total cash / cash equivalents	11,403	159
Total cash pooling receivable	48,289	35,180
Total current assets	132,345	107,562
Total current liabilities	72,233	75,875
Total equity	74,312	64,954
Net cash inflow for the year	24,353	15,707

#### *(b) Analysis of financial results (unaudited)*

	2020 Actuals to end of Q2 £000	2021 Actuals to end of Q2 £000	Variance to 2020 £000
Total revenue	106,379	215,888	109,509
Total gross profit	25,711	40,672	14,961
Total profit before interest and tax	3,607	12,975	9,368

## Strategic Report *(continued)*

### Section 172 statement

In accordance with the Companies Act 2006 (the “Act”), the directors provide this statement describing how they have had regard to the matters set out in Section 172 of the Act, when performing their duty to promote the success of the company, under Section 172.

Teleperformance Limited is a wholly owned subsidiary of its ultimate parent company Teleperformance S.E. Group. Teleperformance S.E. Group is listed on the Paris Stock Exchange (Euronext Paris) and its shares included in the CAC40. Many common policies and practices are applied throughout the group of companies headed by Teleperformance S.E. Group via divisional management teams and a common governance framework, however as the Section 172 requirement applies to UK companies, the following disclosure describes how the directors of Teleperformance Limited have had regard to the matters set out in section 172(1a) to (f) and forms the directors’ statement required under section 414 of the Act.

This statement also provides details of how the directors have engaged with and have regard to the interest of our key stakeholder groups:

- 1) Clients/Customers
- 2) Shareholders
- 3) Colleagues (Employees)
- 4) Regulators & Government
- 5) Suppliers
- 6) Communities & Environment



## Strategic Report *(continued)*

### Section 172 statement *(continued)*

#### *Clients/Customers*

As one of the world's leading customer management companies, we understand that long term success is only possible with a customer centric business model, and therefore both understanding and delivering for our clients and our clients customers is critical to all Board decisions. With over 50 key clients in the UK serving millions of our clients' customers, we strive to deliver exceptional customer service, treat customers fairly and to create customer outcomes aligned to our clients' business models and objectives – every senior management decision has this focus in mind.

The Board truly understand the changing needs of our clients and their customers, the governance of which is summarised in the matrix below:

Stakeholder Group	Strategic Objectives	Board Engagement	Business Outcomes
Clients/Customers	<p>Long Term Strategic Relationships with a diverse client base</p> <p>Exceptional Service Delivery to our clients' customers</p> <p>Investment plans linked directly to delivering service improvement and innovation for our clients and their customers</p>	<p>Client Satisfaction Survey (KSAT) and account plan review</p> <p>Formal Board review of client sentiment / heat map, customers KPI's and customer satisfaction (CSAT)</p> <p>Direct attendance at client review meetings plus one-to-one meetings with client directors</p> <p>Regular operational site visits by the Board where end customer activity is observed and improvement ideas supported</p>	<p>Long term contractual relationships with clients that deliver success for our clients and results for their customers</p> <p>NPS and KPI delivery for our clients in line with their own business objectives and our contractual obligations</p> <p>Adherence to Teleperformance Limited and Client operational procedures and policies</p>

## Strategic Report *(continued)*

### Section 172 statement *(continued)*

#### *Shareholders*

Teleperformance reports to its group parent Teleperformance S.E. Group which has accountability to shareholders both retail and corporate as part of its listing on the Paris Stock Exchange (Euronext Paris). Teleperformance S.E. Group undertakes a comprehensive shareholder engagement programme including both institutional and retail shareholders with regular feedback to management and the Board.

Teleperformance Limited strives to consider all shareholder groups evenly when making key decisions for the UK entity and therefore the Teleperformance S.E. Group.

Stakeholder Group	Strategic Objectives	Board Engagement	Business Outcomes
Shareholders	<p>Delivery of Teleperformance S.E. Group strategic objectives:</p> <p>Year-on-year sustainable sales growth</p> <p>Consistent profit levels with superior shareholder returns</p> <p>Strong liquidity and cash-flow management</p> <p>Responsible sustainable business model</p>	<p>Regular review and direct decision making regarding financial performance and profitability analytics</p> <p>Board-level input into key pricing and contractual decisions</p> <p>Regular review of growth opportunities and input into strategy</p>	<p>Profitable contracts across all sectors</p> <p>Deliver of long term sustainable growth strategy</p>

## Strategic Report *(continued)*

### Section 172 statement *(continued)*

#### Colleagues (Employees)

The company has over 10,000 colleagues who take pride in working for an inclusive and diverse organisation and with their support, we are building a culture where everyone feels included, empowered and inspired to do the right thing for our clients and their customers. Through our strategy we have and will continue to invest in colleagues to ensure that we continue to attract, develop and retain these key skills and capabilities.

The Teleperformance S.E. Group globally abides by both a customer- and value-led culture, represented by five values, each of which, the UK Management team promote as values within Teleperformance:

Cosmos – symbolising **Integrity**, Earth – symbolising **Respect**, Metal – symbolising **Professionalism**, Air – symbolising **Innovation**, Fire – symbolising **Commitment**.

Our focus on colleagues as an equal stakeholder group within Teleperformance Limited aims to achieve the following outcomes as priorities:

- 1) Improved employee engagement
- 2) Fair and competitive pay and remuneration structure
- 3) Championing diversity and equality
- 4) Enabling work-at-home (WAH) opportunities post CV-19 in addition to providing high quality, safe and secure on-site facilities
- 5) Promoting a fun culture with a balance of life and work for our colleagues

Stakeholder Group	Strategic Objectives	Board Engagement	Business Outcomes
Colleagues (Employees)	Improved employee engagement	Formal Board review of key people/HR trends, KPI's and matters	Improved Employee Engagement
	Fair and competitive pay and remuneration structure	Annual Employee Survey (ESAT) with quarterly 'checks'	Improved colleague retention
	To be the leading UK BPO for diversity and equality	Independent employee sentiment survey (E.g. Great Place To Work)	Improved attractiveness and a place to work
	Enabling work-at-home (WAH) opportunities post CV-19 in addition to providing high quality, safe and secure on-site facilities	Direct engagement of colleague at all levels by the Board including site visits, 'town hall' events, floor-walking and welcoming direct feedback	Application of Teleperformance culture, policy and process to customer outcomes
	Promoting a fun culture with a balance of life and work for our colleagues	Gender Pay Gap Reporting, analytics and action plans	Demonstration of Teleperformance values in how employees treat their own colleagues and strive to improve the business
		Direct involvement in business investment decisions relating to employee facilities, infrastructure and training	

## Strategic Report *(continued)*

### Section 172 statement *(continued)*

#### *Regulators & Government*

Around 20% of Teleperformance Limited's business is directly regulated by the Financial Conduct Authority, and Teleperformance Limited is accordingly authorised and regulated by the Financial Conduct Authority. In addition to this we operate on behalf of many clients who themselves operate in a regulated industry and require Teleperformance Limited to deliver to the required standards.

The UK government is a key stakeholder of Teleperformance Limited in two ways, firstly in terms of adherence to laws, policy, taxation and governance requirements but additionally in the fact that more than 30% of Teleperformance Limited's revenues are created in delivering a wide variety of services to the government and its associated organisations such as HMPO and the NHS.

Both regulators and the government are therefore a critical stakeholder group to Teleperformance Limited and the Board takes all its obligations seriously and conducts its business in a robust and professional way to satisfy all such requirements:

Stakeholder Group	Strategic Objectives	Board Engagement	Business Outcomes
Regulators & Government	<p>Adherence to all regulatory requirements and metrics for Teleperformance Limited or on behalf of our clients</p> <p>Accurate and timely filing of a business documentation and requirements</p> <p>Accurate calculation and payment of all applicable taxes</p> <p>Proactive involvement in helping shape strategy or policy where applicable</p> <p>Robust delivery of business services that directly support the government</p>	<p>Direct Board involvement in structured regulatory governance frameworks</p> <p>Board chairing of Risk &amp; Regulatory committees</p> <p>Review and formal sign off of all key filings – regulatory and governance</p> <p>Board membership in Teleperformance Limited Tax Committee Governance</p> <p>Board-approved publication of mandatory UK Tax Strategy</p> <p>Input into government 'Decision Maker' forums</p>	<p>Structured and robust risk and regulatory governance framework with proactive management and oversight</p> <p>Adherence to all required filings for regulatory or the government</p> <p>Payment of all required taxes</p> <p>Robust delivery of services to the government and associated organisations</p>

## Strategic Report *(continued)*

### Section 172 statement *(continued)*

#### *Suppliers*

In turn with Teleperformance Limited being a supplier/partner to our clients, we strive to treat all of our supplier as partners and trust them to be an integral part of our supply chain to deliver for our business and ultimately our clients.

The Board promotes the building of strong relationships with key suppliers and that they are treated fairly as we would expect to be treated from our clients.

Stakeholder Group	Strategic Objectives	Board Engagement	Business Outcomes
Suppliers	<p>Long term strategic partnerships with key suppliers</p> <p>Fair pricing and terms offered to supply chain, reflective of our client contracts where applicable</p> <p>Strong business continuity, flexibility and minimised risk from supply chain</p> <p>Encourage innovation from suppliers</p> <p>Fair payment practise</p>	<p>Direct involvement in key supplier decisions and terms</p> <p>Board attendance at 'Purchasing Committee' as set out in Teleperformance S.E. Group governance</p> <p>Regular review of payment analysis and any suppliers beyond terms where a fully approved invoice exists</p> <p>Promotion of local and SME selection where no apparent variation on quality of price to other suppliers</p> <p>Attendance or updates on supplier review meetings for key supplier partners</p>	<p>Strong supplier arrangements, zero disputes, long-term win-win relationships</p> <p>Supplier partnerships that add value in the supply chain to our clients and their customers</p>

## Strategic Report *(continued)*

### Section 172 statement *(continued)*

#### *Communities & Environment*

Teleperformance Limited plays an active role in the community. With over 20 UK locations we have employees in many parts of the UK and each one is encouraged to take an active role supporting the local community in addition to national support.

In line with our parent company, Teleperformance S.E. Group, we are committed to improving our environment. The Board of Teleperformance see this active role in supporting the community and our environment as extremely important in supporting the areas we conduct our business from and helping the world we all live in.

Stakeholder Group	Strategic Objectives	Board Engagement	Business Outcomes
Communities & Environment	Proactive support for UK communities, particularly those local to our facilities and close to our employees  Reduce carbon footprint of TPUK	Teleperformance S.E. Group established responsible business strategy  Direct review of the Citizen Of The World (COTW) tracker – a Teleperformance S.E. Group initiative to track and encourage community and charitable support – both in terms of fundraising and volunteer days  Direct involvement in fundraising policies and strategy (e.g. “5000+ days” volunteering initiative)  Board-level promotion of paperless and reduced carbon working practises and strategy	Support for local and national good causes and charities  Reduced Carbon Footprint

## Strategic Report *(continued)*

### Streamlined energy and carbon report (SECR)

Effective from accounting periods starting on or after 1 April 2019, The Companies and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 introduced the requirement for annual energy and carbon reporting. This is the first year of reporting. Future reports will compare performance against the previous year.

Teleperformance Limited recognises that our business operations have a direct impact on the environment due to the consumption of natural resources like energy and water and generation of waste.

As part of Teleperformance S.E. group, Teleperformance Limited commits to comply with relevant compliance obligations to which the organisation subscribes; whilst also seeking to continually improve the environmental systems in place to minimize the environmental impacts of our operations.

This global policy is integrated within the Corporate Governance framework for Teleperformance S.E. The policy on environmental protection forms part of the group's business management system. The Corporate Social Responsibility (CSR) committee is responsible for ensuring that the policy is implemented, and sufficient resources are available to meet the objectives and targets of this policy. Country Managing Directors through the local Environmental Committee are responsible for the practical implementation and control of their environmental system, and all employees are responsible for meeting the aims and objectives within their respective areas.

Teleperformance S.E. has set the following core objectives in order to meet the group's environmental and sustainable goals, which Teleperformance Limited has adopted:

- Create awareness among all our employees on the environment protection through various employee engagement programs, trainings and awareness campaigns
- Conserve natural resources by improving resource efficiency - energy & water
- Identify energy saving initiatives within our operations to reduce the Group's energy consumption and related GHG emissions
- Reduce our carbon footprint (CF) per employee across all country operations and track the performance on regular basis
- Reduction of travel (air and local) across all our country operations by encouraging virtual meeting platforms, use of public transportation and recommend carpooling
- Reduce the environmental footprint of our IT infrastructure and operations including data centres through Green IT Initiatives
- Adopt the principle of circularity for sustainable waste management in our business operations through waste minimisation, recycling and eco-friendly disposal as per the regulatory requirements and/or industry best practices
- Integrate environmental considerations as a criterion while selecting the new office infrastructure
- Strive towards Green Procurement of all the products we purchase for our business operations
- Engage vendors and contractors on environment sustainability through trainings and awareness campaigns; develop pre-qualification criteria and integrate the environmental considerations in the contractual conditions to collaboratively achieve our objectives of greening supply chain
- Country Operations are to set, monitor, benchmark and review the performance of the objectives and targets on regular basis to ensure the Groups' environmental objectives are being met
- Communicate the environment policy to all the employees, customer, contractors and business partners and make sure it is available to public

## Strategic Report *(continued)*

### Streamlined energy and carbon report (SECR) *(continued)*

- Conduct the group management reviews to evaluate the environmental performance of the country operations on annual basis
- Review the environmental policy periodically to ensure its continuing applicability and relevance in our business operations.

Teleperformance S.E. is dedicated to setting the best standards and adhering to sustainable practices in order to make a positive impact on the planet and therefore, strive to fulfil its environmental commitments as a truly responsible global corporate citizen.

The Teleperformance environmental initiative, Citizen of the Planet (COTP), is fully sponsored and supported by the Chairman of the Board of Teleperformance S.E. group. COTP is a global corporate initiative implemented in 2008, aimed at ensuring that Teleperformance operates in an environmentally friendly and responsible manner. In a combined effort, Teleperformance commits to helping our planet by improving facilities to create sustainable sites (i.e., water, paper, and other waste reductions) and strive for paperless environments, as well as recycling and incentivizing energy and atmosphere improvements. Teleperformance encourages its sites to continuously improve their impact on their local habitats. See <https://www.teleperformance.com/en-us/about/citizen-of-the-planet> for further details.

#### *Energy and emissions report*

Teleperformance Limited submits Environmental reporting to the group CSR department three times a year. Data reported is verified internally by the department and also by the Group Reporting and Consolidation team to ensure consistency. It is then audited at group level by externally appointed CSR specialists.

For 2020, Environmental data provided to the CSR department was as follows:

- Electricity usage (in kWh)
- Air travel (in km)
- Paper consumption (in metric tonnes)
- Water consumption (in cubic metres)

Environmental data submitted for the year ending 31 December 2020 across 13 Teleperformance sites was:

	2020 usage	Associated Greenhouse gas emissions (tonnes CO <sub>2</sub> e equivalent)	Intensity ratio
Electricity usage	7,916,770 kWh	1,680,968	38.10 tonnes CO <sub>2</sub> e per square metre
Air travel	1,223,702 km	187,875	27.00 tonnes CO <sub>2</sub> e per employee
Paper consumption	13.07 metric tonnes	12,017	1.73 tonnes CO <sub>2</sub> e per employee
Water consumption	29,191 cubic metres	4,349	0.63 tonnes CO <sub>2</sub> e per employee

Greenhouse gas emissions are reported in line with the requirements of large unquoted companies set out in the UK Government's Environmental Reporting Guidelines (March 2019) and use the UK Government GHG Conversion Factors for Company Reporting 2021.



## Strategic Report *(continued)*

### Corporate Governance code

As a subsidiary of Teleperformance S.E. Group, Teleperformance Limited falls under the group corporate governance structure. Teleperformance S.E. Group adheres to the corporate governance code of listed companies of the AFEP and the MEDEF, and sets out in its public results and on the corporate website its governance framework.

The corporate governance framework of Teleperformance S.E. Group is structured as follows:

- The **Board of Directors** (in the form of a Conseil d'administration). It sets the strategic guidelines for Teleperformance's activities and oversees their implementation. The Board considers all matters regarding the operations of the Group and, through its deliberations, settles any issues arising. It is composed of a majority of independent members
- The **Executive Management**. The governance structure set up in October 2017 is based on a Chairman and Chief Executive Officer, a Deputy Chief Executive Officer and, since September 2019, an expanded Management Committee in terms of skills, experiences and expertise including the Executive Committee. The combination of the functions of Chairman of the Board and Chief Executive Officer and the appointment of a Deputy Chief Executive Officer enables the Group to assert a more transparent, rectilinear and, above all, flexible management organization structure in order to encourage the acceleration of the strategic decision-making process and decision-making circuits so that decisions can be implemented more quickly to meet the Group's current and future challenges
- The **Executive Committee**. The Executive Committee is responsible for the Group's operational management. It meets at least twice per month. It implements the strategic orientations, ensures the coherence of the actions undertaken by all of the subsidiaries and discusses the major operational initiatives necessary to the development of the Group and to its performance

In the performance of its missions and duties, **the Board is assisted by two specialised Committees:** the Remuneration & Appointments Committee and the Audit & Compliance Committee.

The works performed by the Committees, which report on their work after each of their meetings, assist the Board of Directors in its discussions and decision making. The Board Committees work on assignments entrusted to them by the Board. They actively prepare their works and inform the Board of all points which appear to raise an issue or require a decision, thus facilitating its deliberations. They also provide any advice and recommendation to the Board as falls within their remit, but have no power of decision, subject to the decisions that the Audit & Compliance Committee may adopt pursuant to applicable legal and regulatory provisions, under the responsibility of the Board.

The **Remuneration & Appointments Committee** issues opinions and recommendations regarding:

- the determination of the remuneration policy and of the benefits granted to executive officers, including determining the variable portion by assessing the definition of the rules for setting this variable portion and the annual application of these rules;
- the overall policy for granting performance shares, together with the conditions attached to the final vesting of these shares;
- the global amount and rules of allocation of directors' fees;
- the succession plans; and
- the candidates for membership of the Board of Directors, their status as independents, and annual review of such quality in accordance with the criteria defined by the AFEP-MEDEF code and/or the renewal of terms of office of directors

## Strategic Report *(continued)*

### Corporate Governance code *(continued)*

The **Audit & Compliance Committee's** overall remit is to monitor issues relating to the preparation and control of financial and accounting information. It prepares the background work for the Board's approval of the annual (parent company and consolidated) financial statements and its review of the half-yearly financial statements, at least two days prior to the relevant Board meeting.

As part of its specific remit, the Committee is primarily responsible for monitoring:

- the financial information preparation process;
- the effectiveness of the internal control and risk management systems;
- the statutory audit of the parent company and consolidated accounts performed by the statutory auditors; and
- the independence of the statutory auditors

The purpose of this statutory assignment is to prepare and facilitate the oversight work of the Board of Directors, anticipate potential problems, identify all risks, notify the Board of those risks and issue appropriate recommendations to the Board.

By order of the board



**G Slade**  
*Director*

Spectrum House  
Bond Street  
Bristol  
BS1 3LG

3 September 2021

## Directors' Report

The Directors present their report with the accounts of the Company for the year ended 31 December 2020.

### Dividends

The total distributions of dividends for the year ended 31 December 2020 was £1,324,000 (2019: £2,418,000).

### Directors

The directors who served during the period and up to the date of approval of these financial statements were:

G Slade  
K Wise

### Political and charitable donations

No political contributions were made during the period (2019: £nil). Contributions for charitable purposes amounted to £nil (2019: £nil).

### People with disabilities

It is the policy of the Company to encourage the employment and development of suitable people with disabilities. No unnecessary limitations are placed on the type of work that they perform and the policy ensures that in appropriate cases consideration is given to modifications to equipment or premises and to adjustments in working practices. Full and fair consideration will be given to applicants with disabilities for employment and existing employees who become disabled will have the opportunity to retrain and continue in employment.

### Employee involvement

During the ongoing COVID-19 pandemic, the health and safety of the Company's employees has continued to be an immediate priority. For those employees continuing to work at Company offices, PPE equipment is provided within a COVID secure environment. Over 5,000 employees continue to work from home with appropriate IT support.

The HR team has introduced a number of forums to enable employees to keep in touch, both professionally and socially, and to help employees who may be struggling with mental health issues during this time.

The Company is committed to informing and consulting with its employees. There are dedicated forums on each of the sites which directly encourage employee involvement in the performance of the Company. Periodic internal road shows raise awareness of the financial and economic factors which the Company faces.

The Company achieved Great Place to Work accreditation in September 2020.

The Company's aim for all members of staff and applicants for employment is to fit the qualifications, aptitude and ability of each individual to the appropriate job and to provide equal opportunity regardless of sex, religion and ethnic origin.

### Going concern approach

Management's going concern assessment is based on modelling different scenarios and considering different factors when preparing future cash flow forecasts over 2021 and 2022, as follows:

- Different assumptions regarding volumes and timescales of HM Government COVID-19 work, looking at factors such as the availability of vaccines, new variants of the virus, and 'return to normal' requirements post lockdowns. The budget planning for 2021 for instance was based on a number of scenarios based on retaining COVID-19 work at 5%, 25% and 50% of 2020 volumes, with services finishing at the end of Q1 or Q2. The budget planning for 2022, due to start in 2021 Q3, will take a similar approach
- Variable forecasts based on other key client volumes, particularly those clients whose business is directly affected by the COVID-19 pandemic, such as travel companies, passport providers etc

## Directors' Report *(continued)*

- Retention of key clients; the vast majority of the Company's key clients have been able to continue trading during 2020 and 2021, with the Company continuing to support by offering flexible solutions such as home working – only one client was lost due to the pandemic, with three large new clients acquired during this time. 2021 forecasts included differing levels of client 'churn', and 2022 forecasts will take the same approach – although there were no clients at risk due to COVID-19 at the time the 2021 forecast was prepared, there was a churn assumption included in the forecast. Similarly, currently there are no clients at risk due to COVID-19 but an analysis of the impact of any potential client losses will be included in the 2022 planning process
- As the UK moves out of lockdown, the Directors expect that a number of clients will signal their preference for a return to office based working for Teleperformance staff, whilst others may prefer to continue with home based working, particularly with the new home working processes and policies being rolled out through the Teleperformance 'Cloud Campus' programme. Different assumptions regarding reductions in capital expenditure, other investments and overheads, partly due to this new work at home model, mean that a new and evolving approach to the Company's estate, property, and other costs can be taken
- Stress testing has been applied to revenue assumptions for the remainder of 2021 and into Q3 2022, modelling how quickly costs could be turned off in the case of revenue falling. The results were that revenue would have to fall by 48% before cash flow became a significant issue

The view of the Directors following this assessment was that the Company is in a strong position and will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements. The Company has a healthy balance sheet, no non-group debt, a strong sales pipeline, and continues to trade profitably and generate positive cash flows. Therefore, the Directors have prepared these financial statements on a going concern basis.

### Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

### Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board



G Slade  
Director

Spectrum House  
Bond Street  
Bristol  
BS1 3LG

3 September 2021

## **Statement of Directors' responsibilities in respect of the Strategic Report, the Directors' Report and the Financial Statements**

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

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

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

## **Independent Auditor's Report to the members of Teleperformance Limited**

### **Opinion**

We have audited the financial statements of Teleperformance Limited ("the company") for the year ended 31 December 2020 which comprise the Profit & Loss Account and Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity, and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

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

### **Going concern**

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We used our knowledge of the group and company, its industry, and the general economic environment to identify the inherent risks to its business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. The risks that we considered most likely to adversely affect the company's available financial resources over this period were:

- Changes in key customers / contracts
- Management of cost base in line with changes in key customers / contracts

We considered whether these risks could plausibly affect the liquidity in the going concern period by comparing severe, but plausible, downside scenarios that could arise from these risks individually and collectively against the level of available financial resources indicated by the group's financial forecasts.

We considered whether the going concern disclosure in note 1 to the financial statements gives a full and accurate description of the director's assessment of going concern, including the identified risks, dependencies, and related sensitivities.

Our conclusions based on this work:

- we consider that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the director's assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the group or company's ability to continue as a going concern for the going concern period; and
- we found the going concern disclosure in note 1 to be acceptable.

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

## **Independent Auditor's Report to the members of Teleperformance Limited (continued)**

### **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 as to the Company's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud
- Reading Board minutes
- Considering remuneration incentive schemes and performance targets for senior management including the equity-settled share-based payments and annual bonus
- Using analytical procedures to identify any unusual or unexpected relationships

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

As required by auditing standards, and taking into account possible pressures to meet profit 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.

In determining the audit procedures, we took into account the results of our evaluation and testing of the operating effectiveness of some of the Company-wide fraud risk management controls.

We also performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual accounts.

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

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

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

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

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, taxation legislation, and employment, social security and pensions legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

## **Independent Auditor's Report to the members of Teleperformance Limited (continued)**

Whilst the Company is subject to many other laws and regulations, we did not identify any others where the consequences of non-compliance alone could have a material effect on amounts or disclosures in the financial statements. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the director and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

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

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

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

### **Strategic report and directors' report**

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

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

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

### **Matters on which we are required to report by exception**

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

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

We have nothing to report in these respects.

### **Directors' responsibilities**

As explained more fully in their statement set out on page 19, 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.



## **Independent Auditor's Report to the members of Teleperformance Limited (continued)**

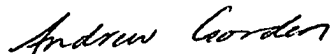
### **Auditor's responsibilities**

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](http://www.frc.org.uk/auditorsresponsibilities).

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

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



**Andrew Gordon (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
66 Queen Square,  
Bristol,  
BS1 4BE  
3 September 2021

**Profit & Loss Account and Other Comprehensive Income**  
*for the year ended 31 December 2020*

	<i>Note</i>	2020 £000	2019 £000
<b>Turnover</b>	2	<b>266,609</b>	169,381
Cost of sales		<b>(205,473)</b>	(127,067)
		<hr/>	<hr/>
<b>Gross profit</b>		<b>61,136</b>	42,314
Administrative expenses		<b>(47,526)</b>	(44,818)
Other operating income	3	<b>1,271</b>	242
		<hr/>	<hr/>
<b>Operating profit / (loss)</b>	4	<b>14,881</b>	(2,262)
Other interest receivable & similar income	7	<b>398</b>	49
Dividend receivable		<b>1,324</b>	-
Interest payable & similar expenses	8	<b>(1,506)</b>	(2,187)
		<hr/>	<hr/>
<b>Profit / (loss) before tax</b>		<b>15,097</b>	(4,400)
Tax on profit / (loss)	9	<b>(2,638)</b>	1,185
		<hr/>	<hr/>
<b>Profit / (loss) after tax for the financial year</b>		<b>12,459</b>	(3,215)
		<hr/> <hr/>	<hr/> <hr/>

The Company had no items of Other Comprehensive Income in either the current or preceding periods.

The notes on pages 27 to 50 form part of the Financial Statements.

**Balance Sheet**  
*at 31 December 2020*

	<i>Note</i>	2020	2019
		£000	£000
<b>Fixed assets</b>			
Intangible assets	<i>10</i>	20,831	20,706
Tangible assets	<i>11</i>	29,365	31,666
Investments	<i>12</i>	2,513	2,513
		<hr/>	<hr/>
		52,709	54,885
<b>Current Assets</b>			
Debtors	<i>13</i>	107,403	66,090
Cash at bank and in hand		159	465
		<hr/>	<hr/>
		107,562	66,555
<b>Creditors: amounts falling due within one year</b>	<i>14</i>	(75,875)	(46,915)
		<hr/>	<hr/>
<b>Net current assets</b>		31,687	19,640
		<hr/>	<hr/>
<b>Total assets less current liabilities</b>		84,396	74,525
<b>Creditors: amounts falling due after more than one year</b>	<i>15</i>	(19,442)	(21,051)
		<hr/>	<hr/>
<b>Net assets</b>		64,954	53,474
		<hr/>	<hr/>
<b>Capital &amp; reserves</b>			
Called up share capital	<i>18</i>	12	12
Profit & loss account		64,942	53,462
		<hr/>	<hr/>
<b>Shareholder's funds</b>		64,954	53,474
		<hr/>	<hr/>

The notes on pages 27 to 50 form part of the Financial Statements.

These financial statements were approved by the board of directors on 3 September 2021 and were signed on its behalf by:



**K Wise**  
*Director*

Company registered number: 02060289

## Statement of Changes in Equity

	Called Up Share Capital £000	Profit & Loss Account £000	Total Equity £000
Balance at 1 January 2019	12	58,921	58,933
<b>Total comprehensive income for the period</b>	-	(3,215)	(3,215)
<i>Transactions with owners, recorded directly in equity:</i>			
Equity-settled share based payment transactions	-	174	174
Dividends	-	(2,418)	(2,418)
<b>Total contributions by and distributions to owners</b>	-	(2,244)	(2,244)
<b>Balance at 31 December 2019</b>	<b>12</b>	<b>53,462</b>	<b>53,474</b>

	Called Up Share Capital £000	Profit & Loss Account £000	Total Equity £000
Balance at 1 January 2020	12	53,462	53,474
<b>Total comprehensive income for the period</b>	-	12,459	12,459
<i>Transactions with owners, recorded directly in equity:</i>			
Equity-settled share based payment transactions	-	345	345
Dividends	-	(1,324)	(1,324)
<b>Total contributions by and distributions to owners</b>	-	(979)	(979)
<b>Balance at 31 December 2020</b>	<b>12</b>	<b>64,942</b>	<b>64,954</b>

The notes on pages 27 to 50 form part of the Financial Statements.

## Notes

*(forming part of the Financial Statements)*

### 1 Accounting policies

Teleperformance Limited is a company incorporated and domiciled in England. The accounts are presented in sterling rounded to the nearest thousand. The registered number is 02060289.

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101").

The company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the company as an individual undertaking and not about its group.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company's ultimate parent undertaking, Teleperformance S.E., incorporated in France, includes the Company in its consolidated financial statements. The consolidated financial statements of Teleperformance S.E. are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from Teleperformance, 21-25 Rue de Balzac, 75008, Paris Cedex 15, France.

In these financial statements, the Company has applied the 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; and
- Disclosures in respect of the compensation of Key Management Personnel.

As the consolidated financial statements of Teleperformance S.E. include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- IFRS 2 Share Based Payments in respect of group settled share based payments;
- Certain disclosures required by IAS 36 Impairment of assets in respect of goodwill and indefinite life intangible assets; and
- Certain disclosures required by IFRS 13 *Fair Value Measurement* and the disclosures required by IFRS 7 *Financial Instrument Disclosures*.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

#### *Measurement convention*

The financial statements are prepared on the historical cost basis. Non-current assets are stated at the lower of previous carrying amount and fair value.

## Notes (continued)

### 1 Accounting policies (continued)

#### *Going concern approach*

Management's going concern assessment was based on modelling different scenarios and considering different factors when preparing future cash flow forecasts over 2021 and 2022, as follows:

- Different assumptions regarding volumes and timescales of HM Government COVID-19 work, looking at factors such as the availability of vaccines, new variants of the virus, and 'return to normal' requirements post lockdowns. The budget planning for 2021 for instance was based on a number of scenarios based on retaining COVID-19 work at 5%, 25% and 50% of 2020 volumes, with services finishing at the end of Q1 or Q2. The budget planning for 2022, due to start in 2021 Q3, will take a similar approach
- Variable forecasts based on other key client volumes, particularly those clients whose business is directly affected by the COVID-19 pandemic, such as travel companies, passport providers etc
- Retention of key clients; the vast majority of the Company's key clients have been able to continue trading during 2020 and 2021, with the Company continuing to support by offering flexible solutions such as home working – only one client was lost due to the pandemic, with three large new clients acquired during this time. 2021 forecasts included differing levels of client 'churn', and 2022 forecasts will take the same approach – although there were no clients at risk due to COVID-19 at the time the 2021 forecast was prepared, there was a churn assumption included in the forecast. Similarly, currently there are no clients at risk due to COVID-19 but an analysis of the impact of any potential client losses will be included in the 2022 planning process
- As the UK moves out of lockdown, management expect that a number of clients will signal their preference for a return to office based working for Teleperformance staff, whilst others may prefer to continue with home based working, particularly with the new home working processes and policies being rolled out through the Teleperformance 'Cloud Campus' programme. Different assumptions regarding reductions in capital expenditure, other investments and overheads, partly due to this new work at home model, mean that a new and evolving approach to the Company's estate, property, and other costs can be taken
- Stress testing has been applied to revenue assumptions for the remainder of 2021 and into Q3 2022, modelling how quickly costs could be turned off in the case of revenue falling. The results were that revenue would have to fall by 48% before cash flow became a significant issue

The view of the Directors following this assessment was that the Company is in a strong position and will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements. The Company has a healthy balance sheet, no non-group debt, a strong sales pipeline, and continues to trade profitably and generate positive cash flows. Therefore, the Directors have prepared these financial statements on a going concern basis.

#### *Foreign currency*

Transactions in foreign currencies are translated to the Company's functional currencies at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Foreign exchange differences arising on translation are recognised in the profit and loss account.

## Notes (continued)

### 1 Accounting policies (continued)

#### *Non-derivative financial instruments*

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other debtors, cash and cash equivalents, loans and borrowings, and trade and other creditors.

##### *Trade and other debtors*

Trade and other debtors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

##### *Trade and other creditors*

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

##### *Investments*

Investments in subsidiaries are stated at amortised cost less impairment.

##### *Interest-bearing borrowings*

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

#### *Leases*

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Company has the right to direct the use of the asset. The Company has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Company has the right to direct the use of the asset if either:
  - the Company has the right to operate the asset; or
  - the Company designed the asset in a way that predetermines how and for what purpose it will be used

This policy is applied to contracts entered into, or changed, on or after 1 January 2019.

At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

## Notes (continued)

### 1 Accounting policies (continued)

#### Leases (continued)

##### Accounting policy as a lessee:

The Company recognises a right of use asset and a lease liability at the lease commencement date. The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

All leases are input into Teleperformance Group's IFRS16 consolidation tool (Anaplan) which calculates the right of use asset and lease liability values, the discount rate to be used, and the postings for lease acquisitions, disposals, and monthly depreciation and interest costs.

The right of use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right of use asset or the end of the lease term. The estimated useful lives of right of use assets are determined on the same basis as those of property and equipment.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted the interest rate calculated by Anaplan.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in the future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right of use asset, or is recorded in profit & loss if the carrying amount of the right of use asset has been reduced to zero.

The Company presents right of use assets that do not meet the definitions of IFRS16 recognition in Tangible Fixed Assets (see Note 11) and lease liabilities in Creditors (see Notes 14 and 15).

#### i. Short-term leases & leases of low value assets

The Company has elected not to recognise right of use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less and leases of low-value assets, including IT Equipment. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.



## **Notes** *(continued)*

### **1 Accounting policies** *(continued)*

#### **Leases** *(continued)*

##### **Accounting policy as a lessee** *(continued)*:

##### **ii. Under IAS17**

In the comparative period, as a lessee the Company classified leases that transfer substantially all of the risks and rewards of ownership as finance leases. When this was the case, the leased assets were measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Minimum lease payments were the payments over the lease term that the lessee was required to make, excluding any contingent rent.

Subsequently, the assets were accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases were classified as operating leases and were not recognised in the Company's balance sheet. Payments made under operating leases were recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received were recognised as an integral part of the total lease expense, over the term of the lease.

##### **iii. Recharging of IFRS16 costs**

Under contractual agreements, the rental cost of one IFRS16 property lease is recharged back to the client. The client is billed on a quarterly basis on receipt of the rental invoices from the lessor.

In addition, the costs of a second IFRS16 lease for a vehicle are recharged back to another Teleperformance Group company.

These recharges are shown in Other operating income in the profit & loss account.

#### **Goodwill and amortisation**

##### **Goodwill**

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units. It is not amortised but is tested annually for impairment.

##### **Amortisation**

Amortisation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

- Computer licences and software 3 years

Amortisation methods, useful lives and residual values are reviewed at each balance sheet date.

## Notes (continued)

### 1 Accounting policies (continued)

#### *Tangible fixed assets*

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets.

Leases in which the Company assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Where land and buildings are held under leases the accounting treatment of the land is considered separately from that of the buildings. Leased assets acquired by way of finance lease are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and less accumulated impairment losses. Lease payments are accounted for as described below.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. The estimated useful lives are as follows:

- Computer equipment 4-10 years
- Fixtures and Fittings and Office Equipment 3-5 years
- Leasehold Improvements over the term of the lease (or to the first break clause if appropriate)

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

#### *Government grants*

Capital based government grants are included within accruals and deferred income in the balance sheet and credited to the profit and loss account over the estimated useful economic lives of the assets to which they relate. In 2020, a number of staff were furloughed due to the COVID-19 pandemic. Furlough grants were credited to the profit and loss account in the month(s) that they were received.

#### *Insurance income*

Income from insurance claims is recognised when the amounts can be reliably estimated and have been agreed by the relevant insurance company. Insurance income is included within other operating income.

#### *Impairment*

##### *Financial assets*

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

## Notes (continued)

### 1 Accounting policies (continued)

#### *Impairment (continued)*

##### *Non-financial assets*

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

#### *Employee benefits*

##### *Defined contribution plans*

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

##### *Share-based payment transactions*

Share-based payment arrangements in which the Company receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions, regardless of how the equity instruments are obtained by the Company.

The grant date fair value of share-based payments awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period in which the employees become unconditionally entitled to the awards. The fair value of the awards granted is measured using an option valuation model, taking into account the terms and conditions upon which the awards were granted. The amount recognised as an expense is adjusted to reflect the actual number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

#### *Provisions*

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

## Notes (continued)

### 1 Accounting policies (continued)

#### Turnover

Turnover is derived from the company's principal activities. Sales invoices for the call centres are raised monthly covering the activity completed in that month. For the remaining sales, invoices are raised when work is complete. Income is recognised when invoices are issued or due to be issued and deferred income arises where a client is billed in advance of work being completed. Income is accrued based on services provided where the customer billing period is not in line with month end.

#### Interest receivable & interest payable

Interest payable and similar charges include interest payable and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy). Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the entity's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

#### Taxation

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

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

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

### 2 Turnover

	2020 £000	2019 £000
<i>By activity:</i>		
Contact centre outsourcing and associated services	266,609	169,381
<i>By geographical location (all serving UK market):</i>		
UK	250,427	159,156
Russia	9,274	6,339
Philippines	5,458	-
India	1,022	2,586
Belgium	428	460
Portugal	-	840
	266,609	169,381

## Notes (continued)

### 3 Other operating income / (expense)

	2020 £000	2019 £000
Income from client relating to early lease exit	640	-
Government grants	547	13
Income from recharging of right of use asset expenses	160	209
Gain on disposal of right of use assets	36	17
(Loss) / gain on disposal of tangible fixed assets	(112)	3
	<u>1,271</u>	<u>242</u>

### 4 Operating (loss) / profit

Operating (loss) / profit is stated after charging / (crediting):

	2020 £000	2019 £000
Auditor's remuneration	130	130
	<u>130</u>	<u>130</u>

### 5 Staff numbers & costs

The average number of persons employed by the Company (including directors) during the year, analysed by category, was as follows:

	Number of Employees	
	2020	2019
Call centre staff	6,469	6,178
Administrative staff	490	516
	<u>6,959</u>	<u>6,694</u>

The aggregate payroll costs of these persons were as follows:

	2020 £000	2019 £000
Wages & salaries	119,487	111,221
Social security costs	8,715	7,197
Contributions to defined contributions plans	2,271	2,031
Apprenticeship levy	593	513
Share based payments (see note 20)	345	174
	<u>131,411</u>	<u>121,136</u>

## Notes (continued)

### 6 Directors' remuneration

	2020 £000	2019 £000
Directors' remuneration	486	568
Company contributions to money purchase pension plans	81	80
	<u>567</u>	<u>648</u>

The aggregate of remuneration and other amounts receivable of the highest paid director was £311,000 (2019: £250,000), and Company pension contributions of £50,000 (2019: £26,000) were made to a money purchase scheme on his behalf.

	Number of directors 2020 £000	2019 £000
Retirement benefits are accruing to the following number of directors under: Money purchases schemes	<u>2</u>	<u>2</u>
 The number of directors who exercised share options was:	<u>-</u>	<u>1</u>

### 7 Other interest receivable & similar income

	2020 £000	2019 £000
Net foreign exchange gain	387	-
On cash pooling facility	8	48
Other interest receivable	3	1
	<u>398</u>	<u>49</u>

### 8 Interest payable & similar expenses

	2020 £000	2019 £000
Interest on lease liabilities	1,019	1,244
Interest payable on intercompany loans	436	535
Other interest payable & charges	51	134
Net foreign exchange loss	-	274
	<u>1,506</u>	<u>2,187</u>

## Notes (continued)

### 9 Taxation

#### Recognised in the profit & loss account

	2020		2019
	£000	£000	£000
<i>UK corporation tax</i>			
Current tax on income for the period	1,622	-	
Foreign tax suffered	56	32	
Adjustments in respect of prior periods	-	(7)	
	<hr/>	<hr/>	
Total current tax		1,678	25
<i>Deferred tax</i>			
Current Year	1,301	(1,417)	
Adjustment in respect of prior periods	(341)	207	
	<hr/>	<hr/>	
Total deferred tax		960	(1,210)
		<hr/>	
Tax on profit		2,638	(1,185)
		<hr/> <hr/>	<hr/> <hr/>

#### Reconciliation of Effective Tax Rate

	2020	2019
	£000	£000
Profit / (loss) after tax for the financial year	12,459	(3,215)
Total tax expense	2,638	(1,185)
	<hr/>	<hr/>
Profit / (loss) before tax	15,097	(4,400)
Tax using the UK corporation tax rate of 19% (2019: 19%)	2,868	(836)
Non-deductible expenses	116	105
Share scheme deduction	-	(707)
Transfer pricing adjustment	(26)	(30)
Tax rate changes and other prior period adjustments	(341)	200
Effects of overseas tax rates	21	(12)
Group relief and other group adjustments	-	95
	<hr/>	<hr/>
Total tax expense	2,638	(1,185)
	<hr/> <hr/>	<hr/> <hr/>

#### Factors Affecting the Future Tax Expense

A reduction in the UK corporation tax rate from 19% to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. The March 2020 Budget announced that a rate of 19% would continue to apply with effect from 1 April 2020, and this change was substantively enacted on 17 March 2020. The UK deferred tax asset as at 31 December 2020 was calculated at 19% (2019: 19%).

An increase in the UK corporation tax rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021. This will increase the company's future current tax charge accordingly and increase the deferred tax asset by approximately £398,000.

## Notes (continued)

### 10 Intangible fixed assets

	Goodwill £000	Software & Other Intangibles £000	Total £000
<b>Cost</b>			
Balance at 1 January 2020	29,907	8,750	38,657
Reclassification	8	5,252	5,260
Additions	-	522	522
Disposals	-	(4,056)	(4,056)
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2020	<b>29,915</b>	<b>10,468</b>	<b>40,383</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<b>Amortisation</b>			
Balance at 1 January 2020	9,626	8,325	17,951
Reclassification	8	5,252	5,260
Amortisation for the year	-	397	397
Disposals	-	(4,056)	(4,056)
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2020	<b>9,634</b>	<b>9,918</b>	<b>19,552</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<b>Net book value</b>			
<b>At 31 December 2020</b>	<b>20,281</b>	<b>550</b>	<b>20,831</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 December 2019	20,281	425	20,706
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

#### Amortisation charge

The amortisation charge is recognised in the following line items in the profit and loss account:

	2020 £000	2019 £000
Administrative expenses	397	480
	<hr/>	<hr/>
	<b>397</b>	<b>480</b>
	<hr/> <hr/>	<hr/> <hr/>

The directors have considered the carrying value of intangible assets (excluding software) based on the future cash generation of the underlying assets. No impairments have been identified.

During 2020 Teleperformance Limited completed a Group project migrating to new integrated financial and accounting software. As part of this migration a full review, data cleanse and reconciliation of the business' fixed asset register was undertaken. The outcome of this exercise was in some cases a reclassification of asset categories and write-off of assets no longer required.



## Notes (continued)

### 11 Tangible fixed assets

	Right of Use Assets £000	Computer Equipment £000	Leasehold Improvements & Office Furniture £000	Total £000
<b>Cost</b>				
Balance at 1 January 2020	28,954	21,670	20,315	70,939
Reclassification	-	(3,218)	4,764	1,546
Additions	-	2,728	647	3,375
Modifications	3,362	-	-	3,362
Disposals	(2,106)	(3,254)	(323)	(5,683)
Balance at 31 December 2020	30,210	17,926	25,403	73,539
<b>Depreciation</b>				
Balance at 1 January 2020	4,788	18,151	16,334	39,273
Reclassification	-	(1,720)	3,266	1,546
Depreciation charge for the year	4,505	1,030	1,668	7,203
Impairment	-	256	-	256
Disposals	(647)	(3,189)	(268)	(4,104)
Balance at 31 December 2020	8,646	14,528	21,000	44,174
<b>Net book value</b>				
At 31 December 2020	21,564	3,398	4,403	29,365
At 31 December 2019	24,166	3,519	3,981	31,666

During 2020 Teleperformance Limited completed a Group project migrating to new integrated financial and accounting software. As part of this migration a full review, data cleanse and reconciliation of the business' fixed asset register was undertaken. The outcome of this exercise was in some cases a reclassification of asset categories and write-off of assets no longer required.

#### Leases

As at 1 January 2020, the Company had 18 land & building leases across 14 sites in England, Scotland and Northern Ireland. Of these 18 leases, 1 lease is charged back to the client who is present at this location under contractual agreements (not sub-leases). During the year, no land & building leases were acquired, 7 were modified due to rental increases and changes to lease terms, and 1 was disposed of.

In addition, at 1 January 2020, the company had 11 leases for IT equipment, vehicles and machinery which also met the definition of an IFRS16 lease. During the year, no new leases were acquired, 4 were modified due to rental increases, and 2 were disposed of.

## Notes (continued)

### 11 Tangible fixed assets (continued)

Information about leases where the Company is a lessee is presented below:

#### Right of use assets

	2020 Property £000	2020 IT Equipment, Vehicles & Machinery £000	2020 Total £000
Balance at 1 January	23,888	278	24,166
Modification of leases	3,362	-	3,362
Disposal of leases – net book value	(1,459)	-	(1,459)
Depreciation charge for the year	(4,362)	(143)	(4,505)
	<hr/>	<hr/>	<hr/>
Balance at 31 December	21,429	135	21,564
	<hr/>	<hr/>	<hr/>

#### Lease liabilities

Maturity analysis – contractual undiscounted cash flows

	2020 £000
Less than one year	5,261
Between one and five years	15,437
More than five years	6,832
	<hr/>
<b>Total undiscounted lease liabilities at 31 December</b>	<b>27,530</b>
	<hr/>
<b>Lease liabilities included in the Balance Sheet at 31 December</b>	<b>23,543</b>
	<hr/>
Current	4,101
Non-current	19,442

#### Amounts recognised in profit & loss

	2020 £000
Interest on lease liabilities	(1,019)
Income from recharging of right of use asset rental costs	160
Expenses relating to leases of low value assets	(238)
	<hr/>
	(1,097)
	<hr/>

## Notes (continued)

### 11 Tangible fixed assets (continued)

#### Leases accounted for under IAS17

Rentals for remaining leases accounted for under IAS17 are payable as follows:

	2020 £000	2019 £000
Less than one year	431	33
	<u>431</u>	<u>33</u>

### 12 Fixed asset investments

	Shares in Group Undertakings £000
<b>Cost</b>	
At beginning and end of the year	4,888
	<u>4,888</u>
<b>Provisions for impairment</b>	
At beginning and end of the year	(2,375)
	<u>(2,375)</u>
<b>Net book value</b>	
At 31 December 2020	2,513
	<u>2,513</u>
At 31 December 2019	2,513
	<u>2,513</u>

The provision for impairment included above relates to the historic impairment of an investment in a subsidiary which ceased trading.

## Notes (continued)

### 12 Fixed Asset Investments (continued)

	Registered Office address	Class of Shares held	Ownership 2020	Ownership 2019
MM Group Ireland Limited	Clandeboyne Business Park, West Circular Road, Bangor, N Ireland. BT19 1AR	Ordinary	100%	100%
Teleperformance India Private Limited	220 Vinoba Puri, 1 <sup>st</sup> Floor, Lajpet Nagar-II, New Delhi, India. 110024	Ordinary	97%	97%
City Park Technologies Limited	55 Renfrew Street, Glasgow, Scotland. G2 3BD	Ordinary	100%	100%
TP South Africa Trading (Pty) Limited	11 Adderley Street, 8001, Cape Town, South Africa.	Ordinary	100%	100%
Improved Financial Solutions Limited	Spectrum House, Bond Street, Bristol, England. BS1 3LG	Ordinary	100%	100%
Teleperformance Ireland Limited	The Black Church, St Mary's Place, Dublin, Ireland. D07 P4AX	Ordinary	100%	100%
			<b>Profit / (loss) for the year 2020 £000</b>	<b>Net assets / (liabilities) As at 31/12/20 £000</b>
MM Group Ireland Limited (Dormant)			-	-
Teleperformance India Private Limited (Dormant)			(7)	17
City Park Technologies Limited (Dormant)			-	438
TP South Africa Trading (Pty) Limited (Outsourced call centre provider)			1,308	3,997
Improved Financial Solutions Limited (Dormant)			-	(270)
Teleperformance Ireland Limited (Dormant)			-	-

## Notes (continued)

### 12 Fixed asset investments (continued)

	Profit / (loss) for the year 2019 £000	Net assets / (liabilities) As at 31/12/19 £000
MM Group Ireland Limited ( <i>Dormant</i> )	-	-
Teleperformance India Private Limited ( <i>Dormant</i> )	(7)	17
City Park Technologies Limited ( <i>Dormant</i> )	-	438
TP South Africa Trading (Pty) Limited ( <i>Outsourced call centre provider</i> )	1,799	4,517
Improved Financial Solutions Limited ( <i>Dormant</i> )	-	(270)
Teleperformance Ireland Limited ( <i>Dormant</i> )	-	-
	<u>          </u>	<u>          </u>

### 13 Debtors

	2020 £000	2019 £000
Trade debtors	49,809	31,488
Cash pooling amounts receivable	35,180	19,167
Amounts owed by group undertakings	2,909	1,263
Amounts owed by subsidiary undertakings	2,061	894
Other debtors	214	957
Deferred tax assets	1,262	2,222
Corporation tax receivable	-	219
Prepayments & accrued income	15,968	9,880
	<u>107,403</u>	<u>66,090</u>

On certain bank accounts, the balance is swept to £nil each night, with the positive or negative balance being transferred to a central Group cash pooling account. This central account is held by Teleperformance S.E. Group.

### 14 Creditors

	2020 £000	2019 £000
Trade creditors	5,583	3,954
Amounts owed to group undertakings	11,919	6,883
Amounts owed to parent undertaking	15,391	15,383
Amounts owed to subsidiary undertakings	2,464	1,672
Lease liabilities	4,101	4,648
Other taxation & social security	14,450	4,641
Other creditors	586	481
Corporation tax payable	155	-
Accruals & deferred income	21,226	9,253
	<u>75,875</u>	<u>46,915</u>

The Parent loan balance is interest bearing at the market rate and is unlikely to be repaid in the next 12 months (see Note 16).

## Notes (continued)

### 15 Creditors: amounts falling due after more than one year

	2020 £000	2019 £000
Lease liabilities	19,442	21,051

### 16 Interest-bearing loans & borrowings

This note provides information about the contractual terms of the Company's interest-bearing loans and borrowings, which are measured at amortised cost.

	2020 £000	2019 £000
<b>Creditors falling due within less than one year</b>		
Amounts owed to parent undertaking	15,391	15,383

	Currency	Interest	Face Value 2020 £000	Carrying Amount 2020 £000	Face Value 2019 £000	Carrying Amount 2019 £000
Amount owed to Parent Undertaking	GBP	BASE RATE +4%	15,391	15,391	15,383	15,383

## Notes (continued)

### 17 Deferred tax assets

#### Recognised deferred tax assets

Deferred tax assets and liabilities are attributable to the following:

	2020 £000	2019 £000
Trading losses	-	1,059
Accelerated capital allowances	1,262	1,163
	<u>1,262</u>	<u>2,222</u>

Movement in deferred tax during the current year:

	1 January 2020 £000	Recognised in income £000	31 December 2020 £000
Current assets	2,222	(960)	1,262

Movement in deferred tax during the prior year

	1 January 2019 £000	Recognised in income £000	31 December 2019 £000
Current assets	1,012	1,210	2,222

### 18 Capital & reserves

#### Share capital

	2020 £000	2019 £000
--	--------------	--------------

#### Authorised

5,000,000 Ordinary shares of £0.05 each	250	250
-----------------------------------------	-----	-----

#### Allotted

234,900 allotted, called up and fully paid ordinary shares of £0.05	12	12
---------------------------------------------------------------------	----	----

#### Dividends

The following dividends were recognised during the period:

	2020 £000	2019 £000
£5.64 (2019: £10.29) per qualifying ordinary share	1,324	2,418
	<u>1,324</u>	<u>2,418</u>

## Notes (continued)

### 19 Financial instruments

#### *Risk management*

The Company has exposure to the following risks arising from financial instruments;

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Company's exposure to each of the above risks, and the Company's objectives, policies, and processes for measuring and managing risks.

The board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate limits and controls, and to monitor risks and adhere to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

#### *(a) Credit risk*

##### *Financial risk management*

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and fellow Group companies.

##### *Exposure to credit risk*

The carrying amount of financial assets represents the maximum exposure to credit risk at the balance sheet date by class of financial instrument as follows:

	2020 £000	2019 £000
Cash & cash equivalents	159	465
Cash pooling receivable	35,180	19,167
Trade receivables	49,809	31,488

##### *Trade and other receivables*

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Company's customer base, including the default risk of the industry and the country in which the customers operate, as these factors may have an influence on credit risk.

The board of directors has established a credit policy under which each new customer is analysed individually for credit worthiness before the Company's standard payment and delivery terms and conditions are offered. Purchase limits are established for each customer, which represents the maximum open amount without requiring approval from the board of directors; these limits are reviewed periodically. Customers that fail to meet the Company's benchmark creditworthiness may transact with the Company on either a prepayment or reduced terms basis.

The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables.

Based on historic default rates, management do not believe that any impairment allowance is necessary in respect of trade receivables as at 31 December 2020 (2019: £nil).



## Notes (continued)

### 19 Financial instruments (continued)

#### (b) Liquidity risk

##### Financial risk management

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring acceptable losses or risking damage to the Company's reputation.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the effect of netting agreements:

	2020 Carrying amount £000	Contractual cash flows £000	1 year or less £000	1 to < 5 years £000	5 years & over £000
<b>Non-derivative financial liabilities</b>					
Trade creditors	5,583	5,583	5,583	-	-
Parent company loan	15,391	15,391	15,391	-	-
	2019 Carrying Amount £000	Contractual Cash Flows £000	1 year or less £000	1 to < 5 years £000	5 years & over £000
<b>Non-derivative financial liabilities</b>					
Trade creditors	3,954	3,954	3,954	-	-
Parent company loan	15,383	15,383	15,383	-	-

#### (c) Market risk

##### Financial risk management

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters.

##### Foreign currency risk

The Company is exposed to currency risk on sales and purchases that are denominated in a currency other than the respective currency of the Company, Great Britain Pounds. The primary currencies in which these transactions are denominated are in EUR, USD and ZAR.

## Notes (continued)

### 20 Employee benefits

#### *Share based payments*

Certain employees of the UK company are participants in a long term incentive scheme operated by the ultimate parent, Teleperformance S.E. Group. Under the terms of the plan certain employees are allocated incentive shares free of charge if certain conditions / targets are met.

Vesting of the free share awards is conditional on the beneficiaries remaining with the Group until at least the end of the vesting period and on meeting performance conditions relating to revenue growth and the EBITA margin rate of the wider group, and the performance of Teleperformance S.E. Group's share price in comparison to the SBF 120 share index.

Options that vested in 2019 were granted on 28 April 2016 and the vesting period ran from the date of grant to 28 April 2019, covering financial performance from 2016 to 2018.

The fair value at the date of grant was calculated by the Group's actuary taking into account market conditions. The fair value was €48.51 per share.

From 2019, shares are now granted on an annual basis.

New options were granted on 3 June 2019 and the vesting period runs from the date of grant to 3 June 2022, covering financial performance from 2019 to 2021.

The fair value at the date of grant was calculated by the Group's actuary taking into account market conditions. The fair value was €108.50 per share.

Further options were granted on 29 July 2020 and the vesting period runs from the date of grant to 29 June 2023, covering financial performance from 2020 to 2023.

The fair value at the date of grant was calculated by the Group's actuary taking into account market conditions. The fair value was €178.80 per share.

	Number of options 2020	Number of options 2019
Outstanding at the beginning of the year	3,933	18,000
Vested during the year	-	(18,000)
Granted during the year	7,633	3,933
	<hr/>	<hr/>
Outstanding at the end of the year	11,566	3,933
	<hr/>	<hr/>
Exercisable at the end of the year	-	-
	<hr/>	<hr/>

The share based payment charge recognised for the year ended 31 December 2020 was £345,000 (2019: £174,000).

### 21 Commitments

#### *Capital commitments*

During the year ended 31 December 2020, the Company entered into contracts to purchase computer equipment and other tangible fixed assets for £379,000 (2019: £562,000). These commitments are expected to be settled in the following financial year.

## **Notes** *(continued)*

### **22 Contingencies**

There is a contingent liability to repay certain revenue grants received from Invest NI, should future employment levels fall below specified levels. The directors do not anticipate any further repayment falling due under the terms on which the grants were received. An amount of £nil (2019: £nil) was repaid during the year.

### **23 Related parties**

#### *Transactions with Directors*

There were no outstanding loans to any Directors at 31 December 2020 (2019 £nil).

The company classifies members of the Teleperformance group and its Directors as its related parties. There are no related party transactions not covered by relevant exemptions that require disclosure other than information on the short-term Directors' loans above.

The company has taken the exemption available in respect of the disclosure of key management personnel information.

### **25 Ultimate parent company and parent company of larger group**

The immediate parent undertaking of Teleperformance Limited is Teleperformance Holdings Limited whose registered address is Spectrum House, Bond Street, Bristol, England. BS1 3LG.

The largest group in which the results of the Company are consolidated and available to the public is that headed by Teleperformance S.E. Group, 21-25 Rue de Balzac, 75008, Paris Cedex 15, France.

Copies of Teleperformance S.E. Group accounts can also be obtained from [www.teleperformance.com](http://www.teleperformance.com).

### **26 Subsequent events**

Subsequent to the balance sheet date, in June 2021, dividends were approved by Teleperformance S.E relating to the 2020 financial year performance. Teleperformance Limited is due to receive a dividend of ZAR 23,000,000 from its subsidiary TP South Africa Trading (Pty) Limited. In turn, Teleperformance Limited will pay this amount, plus its own dividend of £9,500,000, up to its immediate parent undertaking, Teleperformance Holdings Limited. These transactions will take place in Q3 2021.

## Notes (continued)

### 27 Accounting estimates & judgements

The Directors focus on key areas of accounting estimate and judgement. They believe the following areas represent the key areas:

#### *Recoverability of intangible assets / investments*

The Directors regularly review the carrying value of intangible assets (including goodwill) and investments to identify any indicators of impairment. Consideration is given to the future cash generation of the underlying assets through either continued use or sale. Cash flows are discounted to reflect the time value of money.

#### *Valuation of lease liabilities and right of use assets*

The Directors would be notified of any changes to the measurement and valuation of lease liabilities and right of use assets by Teleperformance S.E. Group. Valuations would be impacted by changes to the discount rate(s) which are maintained centrally by Group. Factors which could lead to movements in the discount rate(s) would be changes to the risk-free rate in the UK, the Group's euro-denominated credit spread, and the rate of a swap from the lease currency to euros.

Other changes to valuations of lease liabilities and right of use assets could arise from local changes to lease terms. The Directors regularly review the terms of leases across the business, and any changes are promptly communicated to Teleperformance S.E. Group.

#### *Valuation of dilapidations provisions*

The Directors regularly review the Company's property portfolio, including the terms and upcoming end dates of leases. Where a potential dilapidations liability is identified, management create an estimate based on the expected outcome of negotiations and the support of third party specialists in the process.