

**Civica Election Services Limited**  
**(formerly Electoral Reform Services Limited)**

Annual report and financial statements

Registered number 02263092

30 September 2020



## Contents

	Page
Directors' Report and Strategic Report	1
Statement of Directors' responsibilities in respect of the Strategic Report, the Directors' Report and the financial statements	6
Independent auditor's report to the members of Civica Election Services Limited (formerly Electoral Reform Services Limited)	7
Profit and loss account	9
Balance sheet	10
Statement of Changes in Equity	11
Notes	12

## Directors' Report and Strategic Report

The directors present their report and the audited financial statements for the year ended 30 September 2020.

### Principal activities

Civica Election Services Limited (formerly Electoral Reform Services Limited) is the UK's leading ballot services provider and expert in the administration of digital and postal voting, offering a choice of online, postal, telephone and SMS voting, available in multiple languages from anywhere in the world.

## Strategic Report

### Business review

While the extraordinary events of 2020 brought rapid upheaval and enormous challenges for all, the Company delivered a highly resilient performance across the year.

### *Responding to COVID-19*

An early signatory to the C-19 Business Pledge, we focused on safeguarding our people and the wider public health while working hard to support customers through business as usual. We moved quickly to enable our employees to work from home supported by established practices, and we diverted effort to provide innovative new software to support the tremendous effort by public and community services. This included supporting the first online voting for UK Members of Parliament.

### Our people and our values

We are proud of our exceptional people and culture and we continue to focus and invest in supporting and developing our team. We look to attract bright, like-minded colleagues from all backgrounds who share our strong purpose and values, and we empower everyone to be their true self, supporting and celebrating each other across our diverse team.

Our core values are:

- **Knowledge:** With a deep understanding of our customers and of software, we are committed to developing and sharing our insight and expertise to help customers and colleagues achieve their goals.
- **Integrity:** Reinforced by our culture, we maintain consistently high standards as a trusted partner, delivering what we promise and remaining open, straightforward and fair at all times.
- **Action:** We focus on delivering timely and effective results, always looking to do more and go further with a desire to help customers and colleagues make a positive difference and fulfil their potential.

### *A leading employer*

We work hard to ensure the Company remains a great place to work, with a leading brand to attract and retain diverse talent. Accredited to the Investors in People 'Gold' standard, we focus our investment in our people and company through sustained programmes for engagement, learning & development, leadership and support. Our commitment to inspiring and rewarding high performance underpins both our value to customers and our continued growth.

The Company's position as an employer of choice is supported by strong employee ratings, including an excellent Net Promoter score of +49. A Glassdoor Employees' Choice award winner and one of the top 75 companies in the Financial Times Diversity Leaders list, our strong focus on employee wellbeing, supporting diversity and effective leadership continues to be recognised.

### *Supporting through COVID-19*

Our teams have done an amazing job in responding to extraordinary change with exceptional resilience and flexibility. Having taken very rapid steps to safeguard our people and enable employees to work from home, we have given our people the support and flexibility to balance home and work lives. This has been supported by our focus on positive health, including Employee Assistance and Mental Health Champions programmes.

The Company's regular Pulse surveys have helped us understand the needs of employees during the pandemic. We adapted our strategy to support health and wellbeing, with additional support to meet the Company's regular Pulse surveys have helped us understand the needs of employees during the pandemic.

## **Directors' Report and Strategic Report** *(continued)*

### ***Strong platform for growth***

As we continue to grow, we welcomed new colleagues supported by the Company's consistent approach to workforce planning and talent acquisition, including our First Impressions virtual on-boarding programme.

We encourage our people to build new skills throughout their careers and pursue their full potential. Through our Learning Academy, we provide sustained learning and development in the workplace tailored to the needs of employees and to build the skills needed to deliver for customers.

With a strong leadership team and track record of delivery, succession planning is an important and consistent area of focus across our business. Structured activity ranged from regular talent planning and the expansion of our Potential leadership training programme.

Internally we continued to promote employees and managers into new roles across the Company, developing and retaining key skills while supporting our strategy and promoting collaboration.

### ***Diversity and inclusion***

#### ***An inclusive workplace***

We encourage our people to bring their true selves to work. During the year we took further steps to improve inclusivity to ensure a supportive work environment for our diverse community, including regular virtual diversity and inclusion training.

A signatory to the TechTalent Charter since 2019, we're committed to inclusive recruitment and benchmarking our progress against industry best practice, and we were delighted to improve our ranking among the Financial Times Diversity Leaders.

The Company continues to champion women in technology and aims to increase the number of female employees through both development and recruitment of talented individuals. With a broad balance across the business, we were delighted that eight colleagues were shortlisted for the Computing Women in Tech Excellence Awards, winning the Outstanding Transformation category.

Investment in employee mental health is increasingly important. The Company now has Mental Health Champions trained to support colleagues in the workplace.

### ***Maintaining engagement***

Keeping our people up-to-date and engaged is key to our success. From making sure teams understand how their roles contribute to our strategy, to sharing ideas and feedback, we run a comprehensive programme of continuous activity across multiple channels to keep employees informed and engaged.

Activities range from virtual First Impressions welcome days for new employees and Boomerang 'back-to-the-floor' initiatives run by our leadership team, together with opportunities for colleagues to challenge current processes and improve operations within our business.

### ***A charitable workplace***

Led by the Civica Foundation, we create social value and make a difference to people and communities around the world. We encourage our people to 'Donate-a-day' for a worthwhile cause, act as a Charity Champion for their office and share their fundraising ideas with colleagues.

### ***Rewarding our people***

We recognise the great efforts of our colleagues and their contribution to our performance. Schemes including Praise and our Civica Special Thanks & Recognition (CSTAR) programme ensure individuals and managers can both share gratitude and give reward points for deserving colleagues. Our annual Employee Awards are designed to recognise and reward our people who are actively going above and beyond.

The Company provides a highly competitive benefits package, including flexible elements which people can tailor to their needs such as extra holiday and cycle-to-work schemes, plus employee offers.

## Directors' Report and Strategic Report *(continued)*

### Operational standards

We are fully committed to sound and fair business practices including zero tolerance on anti-corruption. Prevention, deterrence and detection of fraud or bribery is the responsibility of all, and the company encourages employees to report any suspicions in confidence. We are also committed to identifying and assessing any potential risks and eliminating the possibility of modern slavery and human trafficking occurring in our business, including across our global supply chains.

### Key performance indicators

Management use various key performance indicators (KPIs) to routinely monitor the company's performance and development. Those KPIs include:

- Turnover;
- Gross profit;
- Operating profit before exceptional charges;
- Operating profit before depreciation and exceptional charges (EBITDE), as disclosed in the Profit and Loss Account and note 3 to the financial statements;

These KPIs for the year ended 30 September 2020 and for the previous 2 financial periods were:

		Year ended 30 September 2020	Period ended 30 September 2019	Year ended 31 December 2018
Turnover	£000	26,108	28,221	20,987
Gross profit	£000	10,508	9,782	9,499
%		40.2%	34.7%	45.3%
Operating profit before exceptional charges	£000	3,092	2,975	175
%		11.8%	10.5%	0.8%
EBITDE	£000	3,333	3,199	483
%		12.8%	11.3%	2.3%

### Environmental policy

The Company is aware that operating its business has a potential impact on the environment. We believe that it is important to work with our customers, suppliers, partners and employees to follow sound sustainability practices to prevent pollution, reduce the negative and enhance the positive environmental and social impacts of its business activities.

To this end, the Company is committed to the following goals:

1. To identify and understand the direct and indirect impact the facilities, operations, business practices, products and services may have on the environment. To operate our business in a manner that is sensitive to the needs and concerns of all stakeholders and the surrounding environment.
2. To use where practical the latest technology to develop sound environmentally conscious means of providing our products and services.
3. To consider environmental issues in our decision making, whilst recognising that business concerns might affect the course of action.
4. To minimise the creation of waste and pollution in our operations and business activities. We will dispose of waste conscientiously and creatively by encouraging a "reduce/reuse/recycle" culture.

## Directors' Report and Strategic Report *(continued)*

### Environmental policy *(continued)*

5. To educate and train our employees in the use of environmentally conscious practices, recognising that no matter what their roles are, they are also responsible for protecting the environment.
6. To increase employee contribution to environmental initiatives.
7. To ensure compliance with relevant environmental legislation, ISO 14001 and other requirements related to our operations.
8. To set and achieve environmental objectives and targets at all appropriate levels and in line with the company goals as part of an on-going programme of continuous improvement.
9. To have local, facility based, initiatives.

### Streamlined Energy and Carbon Reporting (SECR)

Civica Election Services Limited's full SECR report is disclosed within Camelia Investment 1 Limited's annual report (10969863). Below is listed a short summary of energy consumption and annual GHG emissions for reference only. Please refer to Camelia Investment 1 Limited's SECR report for full details.

Emissions Source	GHG Scope (GHG Protocol)	Reporting Units	Year ended 30 September 2020 *
Electricity	Scopes 2 & 3	Kilowatt hour (kWh) Tonnes CO <sub>2</sub> e	496,716 125.76

\*Please note: electricity consumption data aligned with the financial year was not available. The consumption total presented in the table above is for an equivalent 12-month period (1st July 2019 – 30th June 2020)

### Principal risks and uncertainties

The board is responsible for the Company's approach to assessing risk and accepts that in creating value for the Company, the Company must take on and accept some risk. The executive directors are responsible for implementing the board's policies on risk and control and monitoring compliance with these policies. This system is designed to manage, rather than eliminate, the risk of failure to achieve corporate objectives. Accordingly, it can only provide reasonable but not absolute assurance against material misstatement or loss.

The company's revenues are increasingly derived from long term contracts, but a proportion remains project oriented and can be unpredictable.

Much of the company's work is high profile and subject to very strict delivery deadlines, such that any quality failures would carry a significant risk of reputational damage. To mitigate this risk the company maintains strict quality control procedures which are ISO 9001 and ISO 27001 accredited; the result is that the company has never suffered such reputational damage in its entire history.

#### *Credit risk*

The Company offers standard market credit terms to customers, typically 30 days, and regularly assesses the credit risk of new and existing customers to the Company.

The Company operates predominantly in the Public Sector, where customers are seen as very low risk of default, and this is further mitigated by payment from customers being a key requirement of continuing to be licensed to use our business critical software applications.

#### *Post Brexit*

Under the Company's governance framework we consistently review risks and uncertainties and as such we monitor and assess market and legislative developments, which include Brexit. The Company is not reliant on labour or product supply from within the European Union. We benefit from a highly transferable skills base such that there is minimal impact on recruitment or resourcing. We continue to monitor the situation, to review regulatory developments and to implement appropriate action as the need arises. We remain cautious while the full implications of Brexit are unclear. For example, we consider it possible that the potential need to implement a high volume of legislative change could give rise to short-term market capacity issues across the industry. However, we believe the company is very well placed to support customers and remain committed and look forward to working with customers to mitigate any risk.

## **Directors' Report and Strategic Report** *(continued)*

### **Future developments**

The Company continues to increase its profile and is valued for its combination of people, technology and business process expertise. With a resilient business and well developed strategy, we believe the Company is extremely well placed as a strong and stable partner for our customers as they continue to respond to rapid and significant change.

### **Dividends**

Dividends paid in the year amounted to £nil (2019: £12,500,000).

The directors do not recommend the payment of a dividend (2019: £nil).

### **Directors**

The directors who held office during the year were as follows:

Sian Roberts  
Robert Goemans  
Wayne Story  
Phillip Rowland  
Gavin Leigh

Certain directors benefit from qualifying third party indemnity provisions in place during the financial year and at the date of this report.

### **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 he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

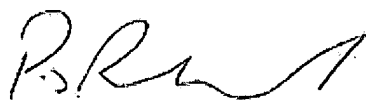
### **Other information**

An indication of likely future developments in the business and particulars of significant events which have occurred since the end of the financial year have been included in the Strategic Report.

### **Auditor**

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

By order of the board



**Phillip Rowland**  
*Director*

South Bank Central  
30 Stamford Street  
London  
SE1 9LQ

28 June 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 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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 for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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.

## KPMG LLP

15 Canada Square  
London  
E14 5GL  
United Kingdom

### **Independent auditor's report to the members of Civica Election Services Limited (formerly Electoral Reform Services Limited)**

#### **Opinion**

We have audited the financial statements of Civica Election Services Limited (formerly Electoral Reform Services Limited) ("the company") for the year ended 30 September 2020 which comprise the profit and loss account and statement of 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 30 September 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; 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 their 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 their 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 are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

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 absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

## **Independent auditor's report to the members of Civica Election Services Limited (formerly Electoral Reform Services Limited) (continued)**

### **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 period 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 9, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities**

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

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



**Mike Barradell (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**

*Chartered Accountants*

15 Canada Square

London

E14 5GL

30 June 2021

## Profit and loss account

*For the year ended 30 September 2020*

		Year ended 2020 £000	Period ended 2019 £000
	<i>Note</i>		
Turnover	2	26,108	28,221
Cost of sales		(15,600)	(18,439)
<b>Gross profit</b>		<b>10,508</b>	<b>9,782</b>
Administrative expenses		(7,698)	(6,807)
<b>Operating profit before exceptional charges</b>		<b>3,092</b>	<b>2,975</b>
Exceptional costs	3	(282)	-
<b>Operating profit</b>	3	<b>2,810</b>	<b>2,975</b>
Interest receivable and similar income	6	4	9
Interest payable and similar expenses	7	(4)	-
Impairment on investment	12	-	(7,688)
<b>Profit/(loss) before tax</b>		<b>2,810</b>	<b>(4,704)</b>
Tax on profit/(loss) on ordinary activities	10	(574)	(714)
<b>Profit for the financial year</b>		<b>2,236</b>	<b>(5,418)</b>

There were no recognised gains or losses other than the profit for the period. As such no Statement of Other Comprehensive Income has been presented.

The notes on pages 12 to 22 form part of the financial statements.

All turnover and results are derived from continuing activities.

**Balance sheet**  
*At 30 September 2020*

	<i>Note</i>	<b>2020 £000</b>	<b>2019 £000</b>
<b>Fixed assets</b>			
Tangible assets	<i>11</i>	<b>994</b>	1,117
Investments	<i>12</i>	<b>2,583</b>	2,583
		<hr/> <b>3,577</b>	<hr/> <b>3,700</b>
<b>Current assets</b>			
Stock	<i>13</i>	<b>346</b>	216
Debtors (including £7,750,000 (2019: £nil) due after more than one year)	<i>14</i>	<b>14,575</b>	14,095
Cash at bank and in hand		<b>1,409</b>	1,847
		<hr/> <b>16,330</b>	<hr/> <b>16,158</b>
<b>Creditors: amounts falling due within one year</b>	<i>15</i>	<b>(3,827)</b>	<b>(7,446)</b>
		<hr/> <b>12,503</b>	<hr/> <b>8,712</b>
<b>Net current assets</b>			
		<hr/> <b>16,080</b>	<hr/> <b>12,412</b>
<b>Total assets less current liabilities</b>			
<b>Creditors: amounts falling due after more than one year</b>	<i>16</i>	<b>(1,450)</b>	-
<b>Provisions for liabilities</b>	<i>17</i>	<b>-</b>	<b>(18)</b>
		<hr/> <b>14,630</b>	<hr/> <b>12,394</b>
		<hr/> <hr/> <b>14,630</b>	<hr/> <hr/> <b>12,394</b>
<b>Capital and reserves</b>			
Called up share capital	<i>19</i>	<b>1</b>	1
Profit and loss account		<b>14,629</b>	12,393
		<hr/> <b>14,630</b>	<hr/> <b>12,394</b>
<b>Shareholders' funds</b>		<hr/> <hr/> <b>14,630</b>	<hr/> <hr/> <b>12,394</b>

The notes on pages 12 to 22 form part of the financial statements.

These financial statements were approved by the board of directors on 28 June 2021 and were signed on its behalf by:



**Phillip Rowland**  
*Director*

## Statement of Changes in Equity

*For the year ended 30 September 2020*

	Share capital £000	Revaluation reserve £000	Profit and loss £000	Total equity £000
Balance at 1 January 2019	1	494	29,817	30,312
<b>Total comprehensive income for the year</b>				
Loss for the year	-	-	(5,418)	(5,418)
<b>Total comprehensive income for the year</b>	-	-	(5,418)	(5,418)
Dividends			(12,500)	(12,500)
Other movements	-	(494)	494	-
<b>Balance at 30 September 2019</b>	<b>1</b>	<b>-</b>	<b>12,393</b>	<b>12,394</b>

	Share capital £000	Revaluation reserve £000	Profit and loss £000	Total equity £000
Balance at 1 October 2019	1	-	12,393	12,394
<b>Total comprehensive income for the year</b>				
Profit for the year	-	-	2,236	2,236
<b>Total comprehensive income for the year</b>	-	-	2,236	2,236
<b>Balance at 30 September 2020</b>	<b>1</b>	<b>-</b>	<b>14,629</b>	<b>14,630</b>

The notes on pages 12 to 22 form part of the financial statements.

## Notes

### (Forming part of the financial statements)

#### 1 Accounting policies

Civica Election Services Limited (formerly Electoral Reform Services Limited) (the "Company") is a Company limited by shares and incorporated and domiciled in the UK.

These Company financial statements were prepared in accordance with Financial Reporting Standard 102 (September 2015) *The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102")*. The amendments to FRS 102 issued in December 2016 have been applied. The presentation currency of these financial statements is sterling, which is the functional currency of the company. All amounts in the financial statements have been rounded to the nearest £1,000, unless otherwise stated.

The Company is considered to be a qualifying entity under FRS 102 paragraphs 1.8 to 1.12. The following exemptions available under FRS 102 in respect of certain disclosures for the Company financial statements have been applied:

- The reconciliation of the number of shares outstanding from the beginning to the end of the period has not been included;
- No separate Cash Flow Statement with related notes is included; and
- Key Management Personnel compensation has not been included.

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

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 23.

#### 1.1 Measurement convention

The financial statements are prepared on the historical cost basis.

#### 1.2 Going concern

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The company is a subsidiary of the Group headed by Camelia Investment 1 Limited (the Group) and provides business-critical software and digital solutions which are integral to the Group's business model. Consequently, the ability of the Company to continue as a going concern is based on the ability of the Group to continue as a going concern.

The Group has prepared financial forecasts comprising operating profit, balance sheet and cash flows to 30 September 2022. In preparing these forecasts, the Group has considered the principal areas of uncertainty within the forecasts and the underlying assumptions, in particular those relating to market and customer risks, cost management, working capital management. Specifically, the forecasts also consider the impact of COVID-19 including the potential uncertainty of demand for the services provided by the Group, disruption in deliveries and supply chains; and delays in receiving cash from customers. The Group continues to take actions as necessary to reduce the impact and has instituted measures to reduce costs and preserve cash.

The Group forecasts have been stress-tested to consider the sensitivity to severe but plausible downside scenarios, including the following potential circumstances: decrease in expected revenue by 4%, which is assessed with reference to unsecured revenue and pipeline data, which would result in a total decrease of EBITDA by 15% ignoring any cost savings, decrease in cash conversion by 10%, and LIBOR increasing by 1%. In assessing this sensitivity on revenues, the Group has had regard to its order book and the amount of revenues in the forecast which are already subject to contract, but the forecasts are nonetheless contingent on the Group attracting new customers and retaining existing ones. The ability to do this has been demonstrated historically, including during the COVID-19 pandemic in the later part of the year, and continued post year end. The downside scenarios are considered before any potential costs mitigations which are in the Group's control.

The Group has significant liquidity available to cope with additional cash requirements related to potential impacts of COVID-19. The Group's forecasts indicate that even in the severe but plausible downside scenarios it would have sufficient funds to operate within the financial covenants on its loan facilities and to continue to meet its liabilities as they fall due for payment for the forecast period. This includes the availability of the revolving credit facility under existing banking agreements, of which £77.0m was available at year end.

Consequently, the directors have prepared the financial statements for the year ended 30 September 2020 on a going concern basis.

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.3 Basis of consolidation

The Company is exempt by virtue of Section 400 of the Companies Act 2006 from the requirement to prepare group accounts. These financial statements present information about the Company as an individual undertaking and not about its group.

#### 1.4 Reporting period

The comparative reporting period is for the nine months to 30 September 2019. The year end was changed to align with that of the ultimate parent company and group of companies. Comparative amounts are therefore not entirely comparable.

#### 1.5 Turnover

Revenue represents amounts due under contracts for goods and services and is recognised as earned when, and to the extent that, the company obtains the right to consideration in exchange for their performance under these contracts. It is derived entirely from the company's principal activities. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Revenue for services is recognised as contract activity progresses so that for incomplete contracts it reflects the partial performance of the contractual obligations. For such contracts the amount of revenue reflects the accrual of the right to consideration by reference to the value of work performed. Revenue not billed to customers is included within accrued income in debtors and amounts received on account in excess of the relevant amount of revenue are included in creditors.

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the company has transferred the significant risks and rewards of ownership to the buyer;
- the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

#### 1.6 Expenses

##### *Operating lease*

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

##### *Interest receivable and Interest payable*

Interest payable and similar charges include interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, 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 are recognised in profit or loss as they accrue, using the effective interest method.

#### 1.7 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 timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. Timing differences are not provided for differences relating to investments in subsidiaries to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.7 Taxation (continued)

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

#### 1.8 Foreign currency

Transactions in foreign currencies are translated to the companies' functional currency 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 to the functional currency 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.

#### 1.9 Investments

Investments in subsidiaries are held at cost less impairment.

#### 1.10 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, for example land is treated separately from buildings.

Leases in which the entity assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. All other leases are classified as operating leases. Lease payments are accounted for as described at 1.5 above.

The Company assesses at each reporting date whether tangible fixed assets (including those leased under a finance lease) are impaired.

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. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives are as follows:

- computer equipment and fixtures and fittings 3 to 10 years

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the Company expects to consume an asset's future economic benefits.

#### 1.11 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, inventories are assessed for impairment. If inventory is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

#### 1.11 Basic financial instruments

##### Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable provisions. Trade and other creditors are recognised at transaction price. Subsequent to initial recognition they are measured at cost, less provisions according to any perceived risks. Amounts recoverable on contracts represent accrued income balances that have not currently been billed to customers.

##### Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

#### 1.12 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.13 Employee benefits

##### *Defined contribution pension 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.

#### 1.14 Impairment excluding deferred tax assets

##### *Financial assets (including trade and other debtors)*

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 recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

##### *Non-financial assets*

The carrying amounts of the entity's non-financial assets, other than deferred tax 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. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing is allocated to cash-generating units ("CGU") that are expected to benefit from the synergies of the combination. For the purpose of goodwill impairment testing, if goodwill cannot be allocated to individual CGUs or groups of CGUs on a non-arbitrary basis, the impairment of goodwill is determined using the recoverable amount of the acquired entity in its entirety, or if it has been integrated then the entire group of entities into which it has been integrated.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a *pro rata* basis.

An impairment loss is reversed if and only if the reasons for the impairment have ceased to apply.

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 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.

## Notes (continued)

### 2 Analysis of turnover

	2020 £000	2019 £000
Rendering of services	26,108	28,221

Substantially all the Company's turnover arises from trade within the United Kingdom.

### 3 Expenses and auditor's remuneration

	2020 £000	2019 £000
<b>Included in profit/loss are the following;</b>		
Depreciation and other amounts written off owned tangible fixed assets	241	224
Exceptional costs – included in administrative expenses	282	-
Amounts charged under operating leases	36	52

During the year the Company incurred £282,000 (2019: £nil) of costs relating to the strategic reorganisation of its operations which related to redundancy and company-funded furlough costs.

	2020 £000	2019 £000
<b>Auditor remuneration</b>		
Fees payable for the audit of the Company's financial statements	30	26

### 4 Emoluments of directors

The emoluments of the directors for the period in which they served in such a capacity are stated below:

	2020 £000	2019 £000
Aggregate emoluments	701	585
Pension contributions – defined contribution schemes	11	9
	712	594

*In respect of the highest paid director:*

Remuneration	524	448
Company pension contributions to defined contribution schemes	2	6
	526	454

Retirement benefits are accruing to the following number of directors under:

Defined contribution schemes	1	2
------------------------------	---	---

## Notes (continued)

### 5 Staff numbers and costs

The average number of people employed by the Company during the year was 129 (2019: 134).

The aggregate payroll costs of these people were as follows:

	2020 £000	2019 £000
Wages and salaries	5,624	5,205
Social security costs	597	579
Other pension costs	355	106
	<u>6,575</u>	<u>5,890</u>

### 6 Interest receivable and similar income

	2020 £000	2019 £000
Bank interest receivable	-	5
Other interest income	-	4
	<u>-</u>	<u>9</u>

### 7 Interest payable and similar expenses

	2020 £000	2019 £000
Other interest	4	-
	<u>4</u>	<u>-</u>

### 8 Impairment on investment

	2020 £000	2019 £000
Impairment on investment	-	(7,688)
	<u>-</u>	<u>(7,688)</u>

### 9 Dividends

	2020 £000	2019 £000
Dividends paid	-	12,500
	<u>-</u>	<u>12,500</u>

## Notes (continued)

### 10 Taxation

	2020	2019
	£000	£000
<i>Current tax</i>		
Corporation tax on income for the period	544	566
Corporation tax adjustment in respect of prior periods	48	8
	<hr/>	<hr/>
Total current tax	592	574
<i>Deferred tax (see note 17)</i>		
Origination and reversal of timing differences	(8)	140
Adjustments in respect of previous periods	(10)	-
	<hr/>	<hr/>
Total deferred tax	(18)	140
	<hr/>	<hr/>
Total tax	574	714
	<hr/>	<hr/>

### Reconciliation of effective tax rate

	2020	2019
	£000	£000
Profit/(loss) for the year	2,236	(5,418)
Total tax expense recognised in profit and loss	(574)	(714)
	<hr/>	<hr/>
Profit/(loss) excluding taxation	2,810	(4,704)
Tax using the UK corporation tax rate of 19% (2019: 19%)	(534)	894
Non-taxable income/(expense)	(1)	(1,435)
Permanent capital allowances in excess of depreciation	(9)	(14)
(Under)/over provided in prior years	(48)	(19)
Movement on deferred tax	18	(140)
	<hr/>	<hr/>
Total tax expense included in profit or loss	(574)	(714)
	<hr/>	<hr/>

The main rate of UK corporation tax for the year ended 30 September 2020 was 19%. In the Spring 2020 budget it was announced that the Corporation Tax rate would remain at 19% from 1 April 2020, rather than reducing to 17% as previously enacted. The rate of 19% was substantively enacted at the balance sheet date.

## Notes (continued)

### 11 Tangible fixed assets

	Plant and equipment £000	Total £000
<b>Cost</b>		
At beginning of year	4,156	4,156
Additions	117	117
	<hr/>	<hr/>
At end of year	4,273	4,273
	<hr/>	<hr/>
<b>Depreciation</b>		
At beginning of year	3,038	3,038
Charge for the year	241	241
	<hr/>	<hr/>
At end of year	3,279	3,279
	<hr/>	<hr/>
<b>Net book value</b>		
At 30 September 2020	994	994
	<hr/>	<hr/>
At 30 September 2019	1,118	1,118
	<hr/>	<hr/>

### 12 Investments in subsidiary companies

	£000
Balance at the start and end of the year	2,583
	<hr/>

Details of the company's subsidiaries at 30 September 2020 are given below:

Company	Country of incorporation	Principal activities	Class and % of shares held
<i>Active companies:</i>			
Shaw & Sons Limited *	United Kingdom	Trading **	Ordinary 100%
<i>Dormant companies:</i>			
Electoral Reform (Market Research) Limited *	United Kingdom	Inactive	Ordinary 100%
Electoral Services Limited *	United Kingdom	Inactive	Ordinary 100%
The Election Centre Limited *	United Kingdom	Inactive	Ordinary 100%
Membership Engagement Services Limited *	United Kingdom	Inactive	Ordinary 100%
Modern Mindset Limited	United Kingdom	Inactive	Ordinary 100%
Xpress Software Solutions Limited *	United Kingdom	Inactive	Ordinary 100%

\* Interest held directly.

\*\* Principal activity of the company is local government, legal and professional publishers and suppliers.

#### Registered office address

United Kingdom: South Bank Central, 30 Stamford Street, London, SE1 9LQ.

## Notes (continued)

### 13 Stock

	2020 £000	2019 £000
Raw materials and consumables	346	216

### 14 Debtors

	2020 £000	2019 £000
Trade debtors	1,379	3,958
Amounts owed by group undertakings	7,750	5,481
Prepayments and accrued income	5,446	4,656
	<u>14,575</u>	<u>14,095</u>

Debtors include amounts owed by group undertakings of £7,750,000 (2019: £nil) due after more than one year. Recoverability of this debtor is reviewed annually and the intention of the Company not to recall it within less than one year is communicated to the relevant group undertaking. No interest is accrued, and the fair value is not materially different to the book value.

### 15 Creditors: amounts falling due within one year

	2020 £000	2019 £000
Trade creditors	1,749	2,772
Amounts owed to group undertakings	-	2,185
Corporation tax	598	472
Other taxation and social security	217	257
Accruals and deferred income	1,263	1,760
	<u>3,827</u>	<u>7,446</u>

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

	2020 £000	2019 £000
Amounts owed to group undertakings	1,450	-

### 17 Deferred taxation

Deferred tax asset and liabilities are attributable to the following:

	Liabilities	
	2020 £000	2019 £000
Accelerated capital allowances	-	18

## Notes (continued)

### 18 Retirement benefits

	2020 £000	2019 £000
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	355	106

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

### 19 Called up share capital

	2020 £	2019 £
<b>Allotted, called up and fully paid</b>		
5,051,671 ordinary shares of 0.01p each	505	505

### 20 Operating lease commitments

Non-cancellable operating lease rentals are payable as follows:

	2020 £000	2019 £000
Within one year	35	19

### 21 Intermediate and ultimate parent company

The Company's immediate parent company is Civica UK Limited. The Company's ultimate parent company at the balance sheet date is Camelia Investment 1 Limited. Both companies are incorporated in the United Kingdom, and their registered office is South Bank Central, 30 Stamford Street, London, SE1 9LQ.

The smallest and largest group in which the results of the Company were consolidated was that headed by Camelia Investment 1 Limited. The consolidated accounts of this company are available from Companies House, Crown Way, Cardiff, CF14 3UZ.

### 22 Related parties

The Company has taken advantage of the exemptions available in FRS 102 not to disclose related party transactions with wholly owned subsidiaries of the Group headed by Camelia Investment 1 Limited. There are no transactions with any other related parties.

## Notes (continued)

### 23 Accounting estimates and judgements

#### *Key sources of estimation uncertainty*

The preparation of financial statements requires management to make estimates and judgements that affect the reported values of assets and liabilities, profits and losses, and associated disclosures. Estimates and judgements are continually evaluated based on historical experience and other factors such as expected future events. Actual values may differ to management estimates, and those estimates may be revised in the future either positively or negatively depending upon actual outcomes or changes in expectations.

Key assumptions and other sources of estimation uncertainty at the balance sheet date that may cause material adjustment to the carrying amounts of assets or liabilities within the next financial year are as follows:

#### *Revenue recognition*

Accounting judgements are applied to recognition of revenue, in particular the assessment of work in progress and stage of completion.

A range of acceptable outcomes are possible. Therefore, it is important that the approach and methodologies adopted are appropriate and consistently applied.

#### *Recoverability of debtors*

Debtors are stated in the balance sheet at their nominal value less any appropriate provision for irrecoverable amounts. In determining whether provision is required against any debtors, the Directors are required to make a judgement regarding the overall recoverability of the debtor. In exercising this judgement, consideration is given to both the overall economic environment in which a debtor operates as well as specific indicators that the recovery of the nominal balance may be in doubt.

Calculating the appropriate level of provision against debtors involves a key source of estimation uncertainty, namely estimating the quantum of balances irrecoverable.