Company Registration No. 03673307 (England and Wales)

DEBT SOLUTIONS (HOLDINGS) LIMITED

ANNUAL REPORT AND UNAUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

DEBT SOLUTIONS (HOLDINGS) LIMITED

COMPANY INFORMATION

Directors	F A Todd	
	David Manuel on behalf of Capita Corporate Director Limited	
	A N Chapple	
	L Palmer	(Appointed 28 May 2021)
Secretary	Capita Group Secretary Limited	
Company number	03673307	
Registered office	33/34 Winckley Square Preston Lancashire PR1 3EL	

DEBT SOLUTIONS (HOLDINGS) LIMITED

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DEBT SOLUTIONS (HOLDINGS) LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

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

Review of the business

Debt Solutions (Holdings) Limited ("the Company") is a wholly owned subsidiary (indirectly held) of Capita plc. Capita plc along with its subsidiaries are hereafter referred to as "the Group". The Company operates within the Group's Customer Management division.

The principal activity of the Company continued to be that of an intermediate holding company. There have not been any significant changes in the Company's principal activities in the year under review.

As shown in the income statement on page 5, the Company incurred a loss before tax of £323,000 in 2020 due to intercompany interest cost. Total comprehensive expenses reduced from £253,000 in 2019 to £119,000 in 2020. The balance sheet on page 6 of the financial statements shows the Company's financial position at the year end. Net assets at 31 December 2020 were £4,143,000 (2019: £4,262,000). Details of amounts due to and from its parent Company and fellow subsidiary undertakings are shown in note 6 to the financial statements.

Key performance indicators used by the Group are operating margins, free cash flow, capital expenditure and return on capital employed. The Group manages its operations on a divisional basis and as a consequence, some of these indicators are monitored only at a divisional level. The performance of the Customer Management division of the Group is discussed in the Group's annual report in 2020 which does not form part of this report.

Principal risks and uncertainties

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

The principal themes of risk for the Company are:

- *Strategic*: changes in economic and market conditions such as contract pricing and competition.
- *Financial*: significant failures in internal systems of control and lack of corporate stability.
- *Compliance:* non-compliance with laws and regulations. The Company must comply with an extensive range of requirements that govern and regulate its business.

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

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

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

Section 172 Statement

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

Further details of the Group's approach to each stakeholder are provided in Capita plc's section 172 statement on pages 38 and 39 of Capita plc's 2020 Annual Report.

Section 172 Statement (continued)

Stakeholders

Our People	
What matters to them?	Flexible working, learning and development opportunities leading to career progression, fair pay and benefits as a reward for performance, two-way communication and feedback.
How we engaged?	People surveys, regular all-employee communications.
Topics of Engagement	Protection of employees during COVID-19, HR policies during Covid-19, future ways of working as a result of COVID-19, creating an inclusive workplace.
Outcomes and actions	Issue of Capita-specific COVID-19 guidance and regular updates, new and temporary HR policies (e.g., furlough and flexible working).
Key Metrics	Employee net promoter score, people survey completion level.
Clients & Customers	
What matters to them?	High-quality service delivery, sustainability, and rapid response to support pandemic planning.
How we engaged?	Client meetings and surveys, regular meetings with key clients and customers.
Topics of Engagement	Remote working on client services as a result of COVID-19, current service delivery, possible future services, co-creation of client value propositions.
Outcomes and actions	Receipt of regular detailed feedback summaries; application of standard Capita plc policies and procedures which includes the establishment of Group contract review committee to ensure delivery against contractual obligations.
Key Metrics	Customer net promoter score, specific feedback on client engagements.
Supplier & Partners	
What matters to them?	Payments made within agreed payment terms, clear and fair procurement process, building lasting commercial relationships and working inclusively with all types of business.
How we engaged?	Supplier meetings throughout source to procure process, regular reviews with suppliers and supplier questionnaires.
Topics of Engagement	Supplier payments, sourcing requirements, supplier performance and supplier Charter.
Outcomes and actions	Alignment of payments with agreed terms, Supplier feedback on improvements to procurement process, improvement plans and innovation opportunities and improved adherence to Supplier Charter.
Key Metrics	% of supplier payments within agreed terms, supplier relationship management feedback score, and supplier diversity profile.
Society	
What matters to them?	Social mobility, youth skills and jobs, digital inclusion, diversity and inclusion, climate change and business ethics.
How we engaged?	Memberships of non-governmental organisations and charitable and community partnerships.
Topics of Engagement	Youth employment, tackling digital exclusion, workplace inequalities and carbon reduction targets.
Outcomes and actions	Implementation of real living wage, youth and employability programme.
Key Metrics	Responsible business report 2020: capita.com/responsible business.

On behalf of the board

D. Uc

David Manuel on behalf of Capita Corporate Director Limited
Director
01 September 2021

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

Results and dividends

The results for the year are set out on page 5.

No dividends were proposed or paid by the Company during the year (2019: £nil).

Directors

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

F A Todd	
R D Tolfts	(Resigned 28 May 2021)
David Manuel on behalf of Capita Corporate Director Limited	
A N Chapple	
L Palmer	(Appointed 28 May 2021)

Political donation

The Company made no political donations and incurred no political expenditure during the year (2019: £nil).

Statement of Directors' responsibilities in respect of the Strategic report, 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.

Statement of Directors' responsibilities in respect of the Strategic report, Directors' report and the Financial statements (continued)

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

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

Qualifying third party indemnity provisions

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

On behalf of the board

D. Ma J

David Manuel on behalf of Capita Corporate Director Limited

Director
01 September 2021

33-34, Winckley Square,
Preston,
Lancashire,
PR13EL.

DEBT SOLUTIONS (HOLDINGS) LIMITED

INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	Unaudited 2020 £000	Unaudited 2019 £000
Finance cost	3	(323)	-
Loss before tax		**(323)**	-
Income tax credit/(charge)	4	204	(253)
Total comprehensive expense for the year		**(119)**	**(253)**

The income statement is prepared on the basis that all operations are continuing operations. The tax credit also include the Company's share in LLP.

There are no recognised gains and losses other than those passing through the income statement.

The notes and information on pages 8 to 16 form an integral part of these financial statements.

DEBT SOLUTIONS (HOLDINGS) LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2020

	Notes	Unaudited 2020 £000	Unaudited 2019 £000
Non-current assets			
Investments in subsidiaries	5	19,159	19,159
		19,159	**19,159**
Total assets		**19,159**	**19,159**
Current liabilities			
Trade and other payables	6	14,971	14,297
Income tax payable		45	600
		15,016	**14,897**
Total liabilities		**15,016**	**14,897**
Net assets		**4,143**	**4,262**
Capital and reserves			
Issued share capital	7	13,502	13,502
Retained deficit		(9,359)	(9,240)
Total equity		**4,143**	**4,262**

The notes and information on pages 8 to 16 form an integral part of these financial statements.

For the year ended 31 December 2020, the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

Members have not required the Company to obtain an audit of its accounts for the year in question in accordance with section 476 of the Companies Act 2006.

The Directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and for the preparation of accounts.

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

Approved by Board and authorised for issue on 01 September 2021

D. Mc

David Manuel on behalf of Capita Corporate Director Limited
Director

Company Registration No. 03673307

DEBT SOLUTIONS (HOLDINGS) LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

	Share capital	Retained deficit	Total equity
	£000	£000	£000
At 1 January 2019 (unaudited)	13,502	(8,987)	4,515
Total comprehensive expense for the year (unaudited)	-	(253)	(253)
At 31 December 2019 (unaudited)	**13,502**	**(9,240)**	**4,262**
Total comprehensive expense for the year (unaudited)	-	(119)	(119)
At 31 December 2020 (unaudited)	**13,502**	**(9,359)**	**4,143**

The notes and information on pages 8 to 16 form an integral part of these financial statements.

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

b) Retained deficit
The balance in retained deficit pertains to net losses accumulated in the Company.

1 Accounting policies

1.1 Basis of preparation

Debt Solutions (Holdings) Limited is a company incorporated and domiciled in the United Kingdom.

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

In determining the appropriate basis of preparation for the annual report and financial statements for the year ended 31 December 2020, the Company's Directors ("the Directors") are required to consider whether the Company can continue in operational existence for the foreseeable future, being a period of at least 12 months following the approval of these accounts. The Directors have concluded that it is appropriate to adopt the going concern basis, having undertaken a rigorous assessment of the financial forecasts, key uncertainties, and sensitivities, as set out below.

Board assessment

Base case scenario

The financial forecasts used for the going concern assessment are derived from the 2021-2023 financial projections for the Company which have been subject to review and challenge by management and the Directors. The Directors have approved the projections. COVID-19 has introduced unprecedented economic uncertainties and has led to increased judgement particularly in forecasting future financial performance. The forecast impact of COVID-19 has been incorporated within the base case forecasts, however the continuing uncertainty over how the COVID-19 pandemic might evolve, including the speed and timing of economic recovery, makes precise forecasting challenging.

Severe but plausible downside

In addition to the base case, the Directors considered severe but plausible downside scenarios, recognising the broader uncertainty arising from COVID-19. The downside scenarios include trading downside risks, which assumes increased attrition, and further impacts of COVID-19. In addition, the downside scenario includes potential adverse financial impacts that could arise from unforeseen operational issues leading to contract losses and cash outflows.

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

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

- provision of certain services, such as administrative support services and should the Group be unable to deliver these services, the Company would have difficulty in continuing to trade; and
- revenue earned by its subsidiaries from other group entities or key contracts that may be terminated in the event of a default by the Group.

Financial projections are dependent on the Company's ultimate parent company, Capita plc not seeking repayment of the amounts currently due to the group, which at 31 December 2020 amounted to £14,971,000. Capita plc has indicated that it does not intend to seek repayment of these amounts for the period covered by the forecasts.

Given the reliance the Company has on the Group, the Directors have considered the financial position of the ultimate parent undertaking as disclosed in its most recent financial statements, being for the 6 months ended 30 June 2021.

1 Accounting policies **(Continued)**

1.1 Basis of preparation (continued)

Ultimate parent undertaking – Capita plc

The Capita plc Board ('the Board') concluded that it was appropriate to adopt the going concern basis, having undertaken a rigorous assessment of the financial forecasts, key uncertainties and sensitivities, when preparing the Group's condensed consolidated financial statements to 30 June 2021. These condensed consolidated financial statements were approved by the Board on 5 August 2021 and are available on the Group's website (www.capita.com/investors). Below is a summary of the position as at 5 August 2021:

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

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

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

Accordingly, the principal mitigation to the possibility of insufficient liquidity is that the Board has approved a disposal programme which covers businesses that do not align with the longer-term strategy. In March 2021, the Group announced its target of realising future gross proceeds of £700m from the ongoing disposal programme. With around 75% of this target having been achieved through the ESS and AXELOS disposals, the Board is confident that the disposal programme will be delivered, thereby introducing substantial net cash proceeds to the Group, albeit with a corresponding removal of consolidated profits and cash flows associated with the disposal businesses.

In addition to the ongoing disposal programme, the Group may seek to mitigate the liquidity risks which might arise in the downside scenario by seeking further sources of financing beyond its existing committed funding facilities. Notwithstanding the extension of a Revolving Credit Facility from August 2022 to August 2023 agreed in June 2021 coupled with the ongoing successful delivery of the disposal programme, the Board continues to assess the potential for such a refinancing.

1 Accounting policies **(Continued)**

1.1 Basis of preparation (continued)

Material uncertainties related to the group

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

Reflecting the Board's confidence in the benefits expected from completion of the transformation programme and execution of the approved disposal programme coupled with the potential to obtain further financing beyond its existing committed funding facilities, the Group continues to adopt the going concern basis in preparing these condensed consolidated financial statements. The Board has concluded that the Group will continue to have adequate financial resources to realise its assets and discharge its liabilities as they fall due over the period to 31 December 2022. Consequently, these condensed consolidated financial statements do not include any adjustments that would be required if the going concern basis of preparation were to be inappropriate.

Conclusion

Although the Company has a reliance on the Group as detailed above, even in a severe but plausible downside for both the Company and the Group, the Directors are confident the Company will continue to have adequate financial resources to release its assets and discharge its liabilities as they fall due over the period to 31 December 2022 (the "going concern period"). Consequently, the annual report and financial statements have been prepared on the going concern basis.

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

1 Accounting policies **(Continued)**

1.2 Compliance with accounting standards

The Company has applied FRS 101 – Reduced Disclosure Framework in the preparation of its financial statements. The Company has prepared and presented these financial statements by applying the recognition, measurement, and disclosure requirements of international accounting standards in conformity with the requirements of the Companies Act, 2006.

The Company's ultimate parent undertaking, Capita plc, includes the Company in its consolidated statements. The consolidated financial statements are prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards (IFRSs) adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union and are available to the public and may be obtained from Capita plc's website on https://www.capita.com/investors

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

- A cash flow statement and related notes;
- Comparative period reconciliations for share capital;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRS;
- Disclosures in respect of the compensation of key management personnel

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

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

1.3 Changes in accounting policies

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

New amendments	Effective date
Amendments to References to the Conceptual Framework in IFRS Standards	1 January 2020
Definition of Material (Amendments to IAS 1 and IAS 8)	1 January 2020
Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)	1 January 2020
Definition of a Business (Amendments to IFRS 3)	1 January 2020

1.4 Investment in subsidiaries

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

1 Accounting policies **(Continued)**

1.5 Taxation

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

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

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

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

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

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

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

1.6 Group Accounts

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

1 Accounting policies **(Continued)**

1.7 Financial instruments

(i) Classification

The Company classifies its financial assets in the following measurement categories:
- those to be measured subsequently at fair value (either through OCI or through profit or loss); and
- those to be measured at amortised cost.

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

(ii) Recognition and derecognition

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

(iii) Measurement

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

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the income statement as applicable.

(iv) Impairment

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

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, and trade and other payables.

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

2 Significant accounting judgements, estimates and assumptions

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

The key sources of estimation uncertainty that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year is impairment of investments in subsidiaries. The Company determines whether investments are impaired based on any impairment indicators. This involves estimation of the enterprise value of the investee which is determined based on the greater of discounted future cash flows at a suitable discount rate or through the recoverable value of investments held by the investee Company.

3 Finance cost

	Unaudited 2020 £000	Unaudited 2019 £000
Intercompany interest	323	-
	323	-

4 Taxation

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

	Unaudited 2020 £000	Unaudited 2019 £000
Current tax		
UK corporation tax	(204)	249
Adjustments in respect of prior periods	-	4
Total tax (credit)/charge reported in the income statement	**(204)**	**253**

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

	Unaudited 2020 £000	Unaudited 2019 £000
Loss before tax	(323)	-
Loss before taxation multiplied by standard rate of corporation tax in the UK of 19.00% (2019 - 19.00%)	(61)	-
Adjustments in respect of current income tax of prior periods	8	4
Expenses not deductible for tax purposes	(151)	249
Total adjustments	**(143)**	**253**
Total tax (credit)/charge reported in the income statement	**(204)**	**253**

A change to the main UK corporation tax rate was substantively enacted on 17 March 2020. The rate applicable from 1 April 2020 now remains at 19%, rather than the previously enacted reduction to 17%. This has no impact on the company.

On 3 March 2021, it was announced in the Budget that the UK tax rate will increase from 19% to 25% from 1 April 2023 onwards. This will increase the company's future income tax charge from 2023.

5 Investment in subsidiaries

As at 1 January 2020 and 31 December 2020	**Unaudited £'000**
Cost	19,159
Impairment	-
Net book value	**19,159**

Holdings of ordinary share capital

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

Company	**Registered office**	**Ordinary shares held (%)**	**Principal activity**
Akinika Limited	33-34 Winckley Square, Preston, Lancashire, PR1 3EL	100	Holding company
Stirling Park LLP	24 Blythswood Square, Glasgow, United Kingdom, G2 4BG	99.99*	Management and enforcement services

*Represents the Company's proporation of capital contibution.

Details of all indirect subsidiaries as required by section 409 of the Companies Act 2016 are as follows:

Akinika UK Limited	33-34 Winckley Square, Preston, Lancashire, PR1 3EL	100	Trading company
Akinika Debt Recovery Limited	33-34 Winckley Square, Preston, Lancashire, PR1 3EL	100	Trading company

6 Trade and other payables

	Unaudited 2020 £000	Unaudited 2019 £000
Amounts due to ultimate parent undertaking	14,971	14,297
	14,971	**14,297**

7 Issued share capital

	Unaudited 2020 Numbers	Unaudited 2019 Numbers	Unaudited 2020 £000	Unaudited 2019 £000
Allotted, called up and fully paid				
Ordinary of £1 each				
At 1 January	13,501,708	13,501,708	13,502	13,502
At 31 December	**13,501,708**	**13,501,708**	**13,502**	**13,502**

8 Controlling party

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

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

9 Employees

There were no employees during the year apart from the Directors.

The Directors remuneration, including reimbursement of expenses incurred by them, were paid by another subsidiary of Capita plc. As no significant amount of time was spent by the Directors on the Company's affairs, no Directors remuneration has been allocated to the Company.

10 Post balance sheet event

There are no significant events which have occurred after the reporting period.