

Company Registration No. 04272836 (England and Wales)

THE WRITE RESEARCH COMPANY LIMITED
ANNUAL REPORT AND UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017



THE WRITE RESEARCH COMPANY LIMITED

COMPANY INFORMATION

Directors	S J S Mayall on behalf of Capita Corporate Director Limited F A Todd
Secretary	Capita Group Secretary Limited
Company number	04272836
Registered office	17 Rochester Row London United Kingdom SW1P 1QT

THE WRITE RESEARCH COMPANY LIMITED

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THE WRITE RESEARCH COMPANY LIMITED
STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017

The Directors present their strategic report, Directors' report and financial statements for the year ended 31 December 2017.

Review of the business

The Write Research Company 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 Professional Services division (formerly known as Workplace Services division).

The Company’s principal activity continued to be that of market research and staff recruitment. There have not been any significant changes in the Company’s principal activities in the period under review. The Directors are not aware, at the date of this report, of any likely major changes in the Company’s activities in the next year.

As shown in the Company's income statement on page 5, the Company has resulted in an operating profit of £21,858 in 2017 (2016 : operating loss of £191,628).

The balance sheet on page 6 of the financial statements shows the Company's financial position at the year end. Net assets have decreased from £2,247,452 in 2016 to £2,199,170 in 2017. Details of amounts owed by/to its parent Company and fellow subsidiary undertakings are shown in notes 7 and 8 to the financial statements.

Key performance indicators used by Capita plc are operating margins, free cash flow, capital expenditure and return on capital employed. Capita plc and its subsidiaries manage their operations on a divisional basis and as a consequence, some of these indicators are monitored only at a divisional level. The performance of the Professional Services division of Capita plc is discussed in the Group's annual report 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, operational and compliance risk.

The principal themes of risk for the Company are:

- *Strategic*: changes in economic and market conditions such as contract pricing and competition.
- *Operational*: including recruitment and retention of staff, maintenance of reputation and strong supplier and customer relationships, operational IT risk, and failures in information security controls.
- *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 its business.

THE WRITE RESEARCH COMPANY LIMITED
STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017

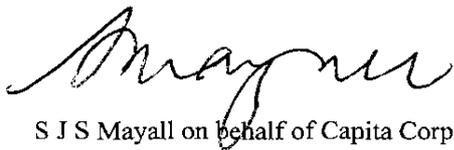
Principal risks and uncertainties (continued)

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

- Regularly reviewing operating/business 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 a strict 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.

On behalf of the Board



S J S Mayall on behalf of Capita Corporate Director Limited

Director

27/9/ 2018

THE WRITE RESEARCH COMPANY LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017

The Directors present their Strategic report, Director's report and financial statements for the year ended 31 December 2017.

Results and dividends

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

No interim or final dividend was paid during the year (2016: £nil).

Directors

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

S J S Mayall on behalf of Capita Corporate Director Limited

F A Todd

N McQueen (Resigned 26 May 2017)

J Matkin (Resigned 30 June 2017)

Environment

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

Political donations

The Company made no political donations and incurred no political expenditure during the year (2016: £nil).

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

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

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

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

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

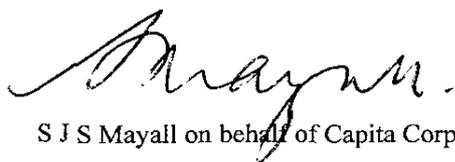
THE WRITE RESEARCH COMPANY LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017

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.

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



S J S Mayall on behalf of Capita Corporate Director Limited

Director

27 September 2018

THE WRITE RESEARCH COMPANY LIMITED
INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	Unaudited 2017 £	Unaudited 2016 £
Revenue	3	1,417,210	2,537,188
Cost of sales		(1,186,496)	(2,077,698)
Gross profit		230,714	459,490
Administrative expenses		(208,856)	(651,118)
Operating profit/(loss)	4	21,858	(191,628)
Income tax (expense)/credit	5	(70,140)	33,251
Total comprehensive expense for the year		(48,282)	(158,377)

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

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

The notes on pages 8 to 26 form an integral part of these financial statements.

THE WRITE RESEARCH COMPANY LIMITED
BALANCE SHEET
AS AT DECEMBER 2017

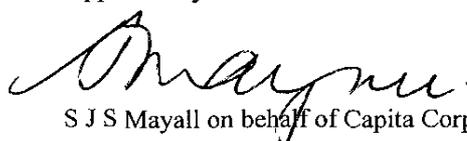
	Notes	Unaudited 2017 £	Unaudited 2016 £
Non-current assets			
Property, plant and equipment	6	13,706	43,950
Total non-current assets		13,706	43,950
Current assets			
Trade and other receivables	7	2,716,027	2,748,630
Income tax receivable		53,738	96,908
Deferred tax assets		8,593	35,563
Total current assets		2,778,358	2,881,101
Total assets		2,792,064	2,925,051
Current liabilities			
Trade and other payables	8	61,255	171,204
Financial liabilities	9	491,014	465,770
Total current liabilities		552,269	636,974
Non-current liabilities			
Provisions	10	40,625	40,625
Total non-current liabilities		40,625	40,625
Total liabilities		592,894	677,599
Net assets		2,199,170	2,247,452
Capital and reserves			
Issued share capital	11	1,268	1,268
Share premium		253,905	253,905
Retained earnings		1,943,997	1,992,279
Total equity		2,199,170	2,247,452

The notes on pages 8 to 26 form an integral part of these financial statements.

For the year ended 31 December 2017, the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies. No members have 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 responsibility for complying with the requirement of the Act with respect to accounting records and for the preparation of accounts. These accounts have been prepared in accordance with the provision applicable to companies subject to the small companies regime.

Approved by the Board and authorised for issue on 27 September 2018.



S J S Mayall on behalf of Capita Corporate Director Limited
Director

THE WRITE RESEARCH COMPANY LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017

	Called up Share capital	Share premium	Retained earnings	Total
	£	£	£	£
At 1 January 2016 - Unaudited	1,268	253,905	2,150,656	2,405,829
Total comprehensive income for the year - unaudited	-	-	(158,377)	(158,377)
At 31 December 2016 - Unaudited	<u>1,268</u>	<u>253,905</u>	<u>1,992,279</u>	<u>2,247,452</u>
Total comprehensive income for the year - unaudited	-	-	(48,282)	(48,282)
At 31 December 2017 - Unaudited	<u>1,268</u>	<u>253,905</u>	<u>1,943,997</u>	<u>2,199,170</u>

Share capital – The balance classified as share capital is the nominal proceeds on issue of the Company’s equity share capital, comprising 1,268 ordinary shares of £1 each.

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

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

The notes on pages 8 to 26 form an integral part of these financial statements.

THE WRITE RESEARCH COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

1.1 Basis of preparation

The Write Research Company Limited is a Company incorporated, registered and domiciled in the UK.

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

The Company has sufficient financial resources together with long standing relationships with clients and suppliers. As a consequence, the Directors believe that the Company is well placed to managed its business risks successfully. After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

1.2 Compliance with Accounting Standards

The Company has applied FRS101 – Reduced Disclosure Framework in the preparation of its financial statements. The Company has prepared and presented these financial statements by applying the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("EU-IFRS"), but made amendments, where necessary, in order to comply with The Companies Act 2006.

From the year ended 31 December, 2017, the Company has elected to present its financial statements under IAS 1 format to be in line with the consolidated financial statements published by the Group. Accordingly, the comparatives for the year ended 31 December, 2016 have been reclassified to the revised format. Refer to Note 19 for a reconciliation between IAS 1 presentation and presentation as previously reported.

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 Financial Reporting Standards as adopted by the EU (EU-IFRS) and are available to the public. These may be obtained from Capita plc's website on <http://investors.capita.com>.

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

- A cash flow statement and related notes;
- Comparative period reconciliations for share capital, property, plant & equipment and intangible assets;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- An additional balance sheet for the beginning of the earliest comparative period following the retrospective change in accounting policy;
- Certain disclosures regarding IFRS 15 Revenue from Contracts with Customers; and
- Disclosures in respect of the compensation of key management personnel.

THE WRITE RESEARCH COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies (continued)

1.2 Compliance with Accounting Standards (continued)

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 disclosures:

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

1.3 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except for the early adoption of IFRS 15 Revenue from Contracts with Customers and Clarifications: Revenue from *Contracts with Customers*.

Initial adoption of IFRS 15 Revenue from Contracts with Customers

The standard has an effective date of 1 January 2018 but the Company has decided to early adopt this standard with a date of initial application to the Company of 1 January 2017 using the full retrospective method. IFRS 15 replaces all existing revenue requirements in IFRS and applies to all revenue arising from contracts with customers unless the contracts are within the scope of other standards such as IAS 17 Leases.

The standard outlines the principles entities must apply to measure and recognise revenue with the core principle being that entities should recognise revenue at an amount that reflects the consideration to which the entity expects to be entitled in exchange for fulfilling its performance obligations to a customer.

The principles in IFRS 15 must be applied using the following 5 step model:

1. Identify the contract(s) with a customer
2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations in the contract
5. Recognise revenue when or as the entity satisfies its performance obligations

The standard requires entities to exercise considerable judgement taking into account all the relevant facts and circumstances when applying each step of this model to its contracts with customers. The standard also specifies how to account for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract, as well as requirements covering matters such as licences of intellectual property, warranties, principal versus agent assessment and options to acquire additional goods or services.

THE WRITE RESEARCH COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies (continued)

1.3 Changes in accounting policies (continued)

The Company has applied IFRS 15 fully retrospectively in accordance with paragraph C3 (a) of the standard, restating the prior period's comparatives and electing to use the following expedients:

- in respect of completed contracts, the Company will not restate contracts that (i) begin and end within the same annual reporting period; or (ii) are completed contracts at the beginning of the earliest period presented (para. C5(a));
- in respect of completed contracts that have variable consideration, the Company will use the transaction price at the date the contract was completed rather than estimating variable consideration amounts in the comparative periods (para. C5(b)); and
- for all reporting periods presented before the date of initial application, the Company will not disclose the amount of the transaction price allocated to the remaining performance obligations or an explanation of when the Company expects to recognise that amount as revenue (para C5(c)).

Early adoption of IFRS 15 does not have any impact on the Company's prior period financial statements.

1.4 Revenue recognition

Revenue is earned within the United Kingdom.

The Company operates a number of diverse businesses and therefore it uses a variety of methods for revenue recognition based on the principles set out in IFRS 15. Many of the contracts entered are long term and complex in nature given the breadth of solutions the Company offers.

The revenue and profits recognised in any period are based on the delivery of performance obligations and an assessment of when control is transferred to the customer.

In determining the amount of revenue and profits to record, and related balance sheet items (such as contract fulfilment assets, capitalisation of costs to obtain a contract, trade receivables, accrued income and deferred income) to recognise in the period, management is required to form a number of key judgements and assumptions. This includes an assessment of the costs the Company incurs to deliver the contractual commitments and whether such costs should be expensed as incurred or capitalised. These judgements are inherently subjective and may cover future events such as the achievement of contractual milestones, performance KPIs and planned cost savings. In addition, for certain contracts, key assumptions are made concerning contract extensions and amendments, as well as opportunities to use the contract developed systems and technologies on other similar projects.

Revenue is recognised either when the performance obligation in the contract has been performed (so 'point in time' recognition) or 'over time' as control of the performance obligation is transferred to the customer.

For all contracts, the Company determines if the arrangement with a customer creates enforceable rights and obligations. This assessment results in certain Master Service Agreements ('MSA's') not meeting the definition of a contract under IFRS 15 and as such the individual call-off agreements, linked to the MSA, are treated as individual contracts.

The Company enters into contracts which contain extension periods, where either the customer or both parties can choose to extend the contract or there is an automatic annual renewal, and/or termination clauses that could impact the actual duration of the contract. Judgement is applied to assess the impact that these clauses have when determining the appropriate contract term. The term of the contract impacts both

THE WRITE RESEARCH COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies (continued)

1.4 Revenue recognition (continued)

the period over which revenue from performance obligations may be recognised and the period over which contract fulfilment assets and capitalised costs to obtain a contract are expensed.

For contracts with multiple components to be delivered such as transformation, transitions and the delivery of outsourced services, management applies judgement to consider whether those promised goods and services are (i) distinct - to be accounted for as separate 2 performance obligations; (ii) not distinct - to be combined with other promised goods or services until a bundle is identified that is distinct or (iii) part of a series of distinct goods and services that are substantially the same and have the same pattern of transfer to the customer.

At contract inception the total transaction price is estimated, being the amount to which the Company expects to be entitled and has rights to under the present contract. This includes an assessment of any variable consideration where the Company's performance may result in additional revenues based on the achievement of agreed KPIs. Such amounts are only included based on the expected value or the most likely outcome method, and only to the extent that it is highly probable that no revenue reversal will occur.

The transaction price does not include estimates of consideration resulting from change orders for additional goods and services unless these are agreed.

Once the total transaction price is determined, the Company allocates this to the identified performance obligations in proportion to their relative stand-alone selling prices and recognises revenue when (or as) those performance obligations are satisfied. The Company infrequently sells standard products with observable standalone prices due to the specialised services required by customers and therefore the Company applies judgement to determine an appropriate standalone selling price. More frequently, the Company sells a customer bespoke solution, and in these cases the Company typically uses the expected cost-plus margin or a contractually stated price approach to estimate the standalone selling price of each performance obligation.

The Company may offer price step downs during the life of a contract, but with no change to the underlying scope of services to be delivered. In general, any such variable consideration, price step down or discount is included in the total transaction price to be allocated across all performance obligations unless it relates to only one performance obligation in the contract.

For each performance obligation, the Company determines if revenue will be recognised over time or at a point in time. Where the Company recognises revenue over time for long term contracts, this is in general due to the Company performing and the customer simultaneously receiving and consuming the benefits provided over the life of the contract.

For each performance obligation to be recognised over time, the Company applies a revenue recognition method that faithfully depicts the Company's performance in transferring control of the goods or services to the customer. This decision requires assessment of the real nature of the goods or services that the Company has promised to transfer to the customer. The Company applies the relevant output or input method consistently to similar performance obligations in other contracts.

When using the output method, the Company recognises revenue on the basis of direct measurements of the value to the customer of the goods and services transferred to date relative to the remaining goods and

THE WRITE RESEARCH COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies (continued)

1.4 Revenue recognition (continued)

services under the contract. Where the output method is used, for long term service contracts where the series guidance is applied (see below for further details), the Company often uses a method of time elapsed which requires minimal estimation. Certain long-term contracts use output methods based upon estimation of number of users, level of service activity or fees collected.

If performance obligations in a contract do not meet the overtime criteria, the Company recognises revenue at a point in time (see below for further details).

The Company disaggregates revenue from contracts with customers by contract type, as management believe this best depicts how the nature, amount, timing and uncertainty of the Company's revenue and cash flows are affected by economic factors.

Long term contractual - greater than two years

The Company provides a range of services in various segments under customer contracts with a duration of more than two years.

The nature of contracts or performance obligations categorised within this revenue type is diverse and includes (i) long term outsourced service arrangements in the public and private sectors; and (ii) active software licence arrangements (see definition below).

The Company considers that the services provided meet the definition of a series of distinct goods and services as they are (i) substantially the same and (ii) have the same pattern of transfer (as the series constitutes services provided in distinct time increments (e.g., daily, monthly, quarterly or annual services)) and therefore treats the series as one performance obligation. Even if the underlying activities performed by the Company to satisfy a promise vary significantly throughout the day and from day to day, that fact, by itself, does not mean the distinct goods or services are not substantially the same.

For the majority of long service contracts with customers in this category, the Company recognises revenue using the output method as it best reflects the nature in which the Company is transferring control of the goods or services to the customer.

Active software licences are those where the Company has a continuing involvement after the sale or transfer of control to the customer, which significantly affects the intellectual property to which the customer has rights. The Company is in a majority of cases responsible for any maintenance, continuing support, updates and upgrades and accordingly the sale of the initial software is not distinct. The Company's accounting policy for licences is discussed in more detail below.

THE WRITE RESEARCH COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies (continued)

1.4 Revenue recognition (continued)

Short term contractual - less than two years

The nature of contracts or performance obligations categorised within this revenue type is diverse and includes (i) short term outsourced service arrangements in the public and private sectors; and (ii) software maintenance contracts.

The Company has assessed that maintenance and support (i.e. on-call support, remote support) for software licences is a performance obligation that can be considered capable of being distinct and separately identifiable in a contract if the customer has a passive licence. These recurring services are substantially the same as the nature of the promise is for the Company to 'stand ready' to perform maintenance and support when required by the customer. Each day of standing ready is then distinct from each following day and is transferred in the same pattern to the customer.

Transactional (point in time) contracts

The Company delivers a range of goods or services in all reportable segments that are transactional services for which revenue is recognised at the point in time when control of the goods or services has transferred to the customer. This may be at the point of physical delivery of goods and acceptance by a customer or when the customer obtains control of an asset or service in a contract with customer-specified acceptance criteria.

The nature of contracts or performance obligations categorised within this revenue type is diverse and includes (i) provision of IT hardware goods; (ii) passive software licence agreements; (iii) commission received as agent from the sale of third party software; and (iv) fees received in relation to delivery of professional services.

Passive software licences are licences which have significant stand-alone functionality and the contract does not require, and the customer does not reasonably expect, the Company to undertake activities that significantly affect the licence. Any ongoing maintenance or support services for passive licences are likely to be separate performance obligations. The Company's accounting policy for licences is discussed in more detail below.

Contract modifications

The Company's contracts are often amended for changes in contract specifications and requirements. Contract modifications exist when the amendment either creates new or changes the existing enforceable rights and obligations.

The effect of a contract modification on the transaction price and the Company's measure of progress for the performance obligation to which it relates, is recognised as an adjustment to revenue in one of the following ways:

- a. prospectively as an additional separate contract;
- b. prospectively as a termination of the existing contract and creation of a new contract;
- c. as part of the original contract using a cumulative catch up; or
- d. as a combination of b) and c).

For contracts for which the Company has decided there is a series of distinct goods and services that are substantially the same and have the same pattern of transfer where revenue is recognised over time, the

THE WRITE RESEARCH COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies (continued)

1.4 Revenue recognition (continued)

modification will always be treated under either a) or b). d) may arise when a contract has a part termination and a modification of the remaining performance obligations.

The facts and circumstances of any contract modification are considered individually as the types of modifications will vary contract by contract and may result in different accounting outcomes.

Judgement is applied in relation to the accounting for such modifications where the final terms or legal contracts have not been agreed prior to the period end as management need to determine if a modification has been approved and if it either creates new or changes existing enforceable rights and obligations of the parties. Depending upon the outcome of such negotiations, the timing and amount of revenue recognised may be different in the relevant accounting periods. Modification and amendments to contracts are undertaken via an agreed formal process. For example, if a change in scope has been approved but the corresponding change in price is still being negotiated, management use their judgement to estimate the change to the total transaction price. Importantly any variable consideration is only recognised to the extent that it is highly probable that no revenue reversal will occur.

Principal versus agent

The Company has arrangements with some of its customers whereby it needs to determine if it acts as a principal or an agent as more than one party is involved in providing the goods and services to the customer. The Company acts as a principal if it controls a promised good or service before transferring that good or service to the customer. The Company is an agent if its role is to arrange for another entity to provide the goods or services. Factors considered in making this assessment are most notably the discretion the Company has in establishing the price for the specified good or service, whether the Company has inventory risk and whether the Company is primarily responsible for fulfilling the promise to deliver the service or good.

This assessment of control requires judgement in particular in relation to certain service contracts. An example, is the provision of certain recruitment and learning services where the Company may be assessed to be agent or principal dependent upon the facts and circumstances of the arrangement and the nature of the services being delivered.

Where the Company is acting as a principal, revenue is recorded on a gross basis. Where the Company is acting as an agent revenue is recorded at a net amount reflecting the margin earned.

Licences

Software licences delivered by the Company can either be right to access ('active') or right to use ('passive') licences. Active licences are licences which require continuous upgrade and updates for the software to remain useful, all other licences are treated as passive licences. The assessment of whether a licence is active or passive involves judgement. The key determinant of whether a licence is active is whether the Company is required to undertake activities that significantly affect the licensed intellectual property (or the customer has a reasonable expectation that it will do so) and the customer is, therefore, exposed to positive or negative impacts resulting from those changes.

When software upgrades are sold as part of the software licence agreement (i.e. software upgrades are promised to the customer), the Company applies judgement to assess whether the software upgrade is distinct from the licence (i.e. a separate performance obligation). If the upgrade is considered fundamental

THE WRITE RESEARCH COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies (continued)

1.4 Revenue recognition (continued)

to the ongoing use of the software by the customer, the upgrades are not considered distinct and not accounted for as a separate performance obligation.

The Company considers for each contract that includes a separate licence performance obligation all the facts and circumstances in determining whether the licence revenue is recognised over time or at a point in time from the go live date of the licence.

Contract related assets and liabilities

As a result of the contracts which the Company enters into with its customers, a number of different assets and liabilities are recognised on the Company's balance sheet. These include but are not limited to:

- Property, plant and equipment*
- Intangible assets*
- Contract fulfilment assets^
- Contract assets derived from costs to obtain a contract^
- Trade receivables*
- Accrued income^
- Deferred income^

* No change in the accounting policies for these assets as a result of the adoption of IFRS 15

^ Refer below for the accounting policy applied following the adoption of IFRS 15

Contract fulfilment costs are divided into (i) costs that give rise to an asset; and (ii) costs that are expensed as incurred.

When determining the appropriate accounting treatment for such costs, the Company firstly considers any other applicable standards.

Contract fulfilment assets

If those other standards preclude capitalisation of a particular cost, then an asset is not recognised under IFRS 15.

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

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

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

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

THE WRITE RESEARCH COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies (continued)

1.4 Revenue recognition (continued)

Capitalisation of costs to obtain a contract

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

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

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

Utilisation, derecognition and impairment of contract fulfilment assets and capitalised costs to obtain a contract

The Company utilises contract fulfilment assets and capitalised costs to obtain a contract to cost of sales over the expected contract period using a systematic basis that mirrors the pattern in which the Company transfers control of the service to the customer.

The utilisation charge is included within cost of sales. Judgement is applied to determine this period, for example whether this expected period would be the contract term or a longer period such as the estimated life of the customer relationship for a particular contract if, say, renewals are expected.

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

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

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

THE WRITE RESEARCH COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies (continued)

1.4 Revenue recognition (continued)

The ability to accurately forecast such costs involves estimates around cost savings to be achieved over time, anticipated profitability of the contract, as well as future performance against any contract-specific KPIs that could trigger variable consideration, or service credits.

Where a contract is anticipated to make a loss, these judgements are also relevant in determining whether or not an onerous contract provision is required and how this is to be measured.

Deferred and accrued income

The Company's customer contracts include a diverse range of payment schedules dependent upon the nature and type of goods and services being provided. The Company often agrees payment schedules at the inception of long term contracts under which it receives payments throughout the term of the contracts. These payment schedules may include performance-based payments or progress payments as well as regular monthly or quarterly payments for ongoing service delivery. Payments for transactional goods and services may be at delivery date, in arrears or part payment in advance.

Where payments made are greater than the revenue recognised at the period end date, the Company recognises a deferred income contract liability for this difference. Where payments made are less than the revenue recognised at the period end date, the Company recognises an accrued income contract asset for this difference.

Onerous contracts

The Group reviews its long-term contracts to ensure that the expected economic benefits to be received are in excess of the unavoidable costs of meeting the obligations under the contract. The unavoidable costs are the lower of the net costs of termination or the costs of fulfilment of the contractual obligations. The Group recognises the excess of the unavoidable costs over economic benefits due to be received as an onerous contract provision.

1.5 Property, plant and equipment

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

Furniture, fittings & equipment	33% straight line
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1.6 Leasing

Company as a lessee: Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

1.7 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term liquid investments with original maturities of three months or less. Bank overdrafts are shown within financial liabilities.

THE WRITE RESEARCH COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies (continued)

1.8 Taxation

Tax expense recognized in the income statement for the year comprises current and deferred tax. Tax is recognized in the income statement except to the extent that it relates to items recognized directly in equity or other comprehensive income, in which case it is recognized 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 recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements at the balance sheet date.

Deferred tax liabilities are recognized for all taxable temporary differences, except where:

- The deferred tax liability arises from the initial recognition of goodwill;
- The deferred tax liability arises from the initial recognition of an asset or a 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, except where the timing of the reversal or 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 recognized 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 losses can be utilized, except where the deferred tax asset relating to the deductible temporary differences 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 profits will be available to allow all or part of the deferred income tax asset to be utilized.

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities when the assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

1.9 Provisions

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

THE WRITE RESEARCH COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies (continued)

1.10 Pensions

The Company participates in a number of defined contribution pension schemes and contributions are charged to the income statement in the year in which they are due. These pension schemes are funded and the payment of contributions are made to separately administered trust funds. The assets of the pension schemes are held separately from the Company.

The Company remits monthly pension contributions to Capita Business Services Limited, a fellow subsidiary undertaking of Capita plc, which pays the group liability centrally. Any unpaid pension contribution at the year end have been accrued in the accounts of that Company.

1.11 Foreign exchange

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

1.12 Related party transactions

The Company has taken the advantage of the exemption FRS 101: Related Party Disclosures not to disclose transactions entered into between two or more members of Capita plc, provided that any subsidiary undertaking which is a party to the transactions is wholly owned by a member of that Group.

2 Significant accounting judgements, estimates and assumptions

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

The key sources of estimation uncertainty that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are the revenue and profit recognition on certain contractual arrangements and measuring and recognising provisions. The measurement of revenue and resulting profit recognition - due to the size and complexity of some of the Company's contracts, there are judgements to be applied, including the measurement and timing of revenue recognition and the recognition of assets and liabilities, including an assessment of onerous contract, that result from the performance of the contract. Judgement is necessary in assessing the likelihood that a pending claim will succeed, or a liability will arise, and to quantify the possible range of the financial settlement. Because of the inherent uncertainty in this evaluation process, actual losses may be different from the originally estimated provision.

THE WRITE RESEARCH COMPANY LIMITED
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017

3 Revenue

The total revenue of the Company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

4 Operating profit/(loss) for the year

	Unaudited	Unaudited
	2017	2016
	£	£
Operating profit/(loss) for the year is stated after charging:		
Net foreign exchange losses	458	169
Depreciation of property, plant and equipment	30,244	25,578
Operating lease rentals - plant and machinery	3,048	5,444
Operating lease rentals - other assets	10,889	21,125

THE WRITE RESEARCH COMPANY LIMITED
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017

5 Income tax

The major components of income tax expense for the years ended 31 December 2017 and 2016 are:

	Unaudited 2017 £	Unaudited 2016 £
Current income tax		
Current income tax charge/(credit)	7,411	(35,759)
Adjustment in respect of prior years	35,759	22,598
	<u>43,170</u>	<u>(13,161)</u>
Deferred income tax		
Origination and reversal of temporary differences	(2,785)	22
Adjustment in respect of prior years	29,755	(20,112)
	<u>26,970</u>	<u>(20,090)</u>
Total tax expense /(credit)	<u>70,140</u>	<u>(33,251)</u>

The reconciliation between tax expense and the product of accounting profit multiplied by the UK corporation tax rate for the years ended 31 December 2017 and 2016 is as follows

	2017 £	2016 £
Profit/(loss) before tax	21,858	(191,628)
Notional charge at UK corporation tax rate of 19.25% (2016: 20.00%)	4,208	(38,326)
Taxation impact of factors affecting tax charge:		
Expenses not deductible in determining taxable profits	50	265
Adjustments in respect of current tax of prior years	35,759	22,598
Deferred tax adjustments in respect of prior years	29,755	(20,112)
Effect of changes in UK corporation tax rates	368	2,324
Total adjustments	<u>65,932</u>	<u>5,075</u>
Total tax charge for the year at the effective tax rate of 320.89% (2016: 17.35%)	<u>70,140</u>	<u>(33,251)</u>

	Balance sheet		Income statement	
	2017	2016	2017	2016
Deferred tax assets				
Accelerated capital allowances	(8,593)	(2,971)	(5,622)	-
Other temporary differences	-	(32,592)	32,592	(20,090)
Net deferred tax (liability)/asset	<u>(8,593)</u>	<u>(35,563)</u>		
Deferred income tax expense /(credit)			<u>26,970</u>	<u>(20,090)</u>

THE WRITE RESEARCH COMPANY LIMITED
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 FOR THE YEAR ENDED 31 DECEMBER 2017

6 Property, plant and equipment

	Fixtures, fittings, equipment £	Plant and machinery £	Total £
Cost			
At 1 January 2017 - Unaudited	114,890	195,565	310,455
Asset retirement	-	(68,835)	(68,835)
At 31 December 2017 - Unaudited	<u>114,890</u>	<u>126,730</u>	<u>241,620</u>
Depreciation			
At 1 January 2017 - Unaudited	114,890	151,615	266,505
Asset retirement	-	(68,835)	(68,835)
Depreciation	-	30,244	30,244
At 31 December 2017 - Unaudited	<u>114,890</u>	<u>113,024</u>	<u>227,914</u>
Net book value			
At 31 December 2016 - Unaudited	<u>-</u>	<u>43,950</u>	<u>43,950</u>
At 31 December 2017 - Unaudited	<u>-</u>	<u>13,706</u>	<u>13,706</u>

7 Trade and other receivables

	Unaudited 2017 £	Unaudited 2016 £
Current		
Trade receivables	79,200	185,896
Other taxes and social security	21,384	7,564
Prepayments and accrued income	469,075	222,651
Amount due from parent and fellow subsidiary undertaking	2,146,368	2,332,519
Total	<u>2,716,027</u>	<u>2,748,630</u>

8 Trade and other payables

	Unaudited 2017 £	Unaudited 2016 £
Current		
Trade payables	8,561	8,440
Accruals	37,350	155,086
Amount due to parent and fellow subsidiary undertaking	15,344	7,678
Total	<u>61,255</u>	<u>171,204</u>

9 Financial liabilities

	Unaudited 2017 £	Unaudited 2016 £
Bank overdraft	491,014	465,770
Total	<u>491,014</u>	<u>465,770</u>

10 Provisions

	Other £
Balance as at 1 January 2017 and 31 December 2017 - unaudited	<u>40,625</u>

The Company is required to perform repairs on leased properties prior to the properties being vacated at the end of their lease term. Dilapidation provisions for such costs are made where a legal obligation is identified and the liability can be reasonably quantified. In this case it is likely the provision will be utilised in the next few years.

THE WRITE RESEARCH COMPANY LIMITED
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017

11 Issued share capital

	Unaudited 2017 Numbers	Unaudited 2016 Numbers	Unaudited 2017 £	Unaudited 2016 £
Ordinary share capital				
Alloted called up and fully paid up Ordinary shares of £1 each	1,268	1,268	1,268	1,268
As at 1 January	<u>1,268</u>	<u>1,268</u>	<u>1,268</u>	<u>1,268</u>
As at 31 December	<u>1,268</u>	<u>1,268</u>	<u>1,268</u>	<u>1,268</u>

12 Pensions and other post-retirement benefit commitments

The total costs charged to income in respect of defined contribution plans is £29,986 (2016 - £46,039)

13 Employees

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

	Unaudited 2017 Number	Unaudited 2016 Number
Sales	24	34
Operations	-	1
Administration	2	7
	<u>26</u>	<u>42</u>

Their aggregate remuneration comprised:

	Unaudited 2017 £	Unaudited 2016 £
Employment costs		
Wages and salaries	933,322	1,803,306
Social security costs	100,402	194,833
Pension costs	29,986	46,039
	<u>1,063,710</u>	<u>2,044,178</u>

14 Directors' remuneration

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

15 Controlling party

The Company's immediate parent undertaking is Capita Resourcing Limited, a Company incorporated in England and Wales. The Company's ultimate parent undertaking is Capita plc, a Company incorporated in England and Wales. The accounts of Capita plc are available from the registered office at 30 Berners Street, London W1T 3LR.

16 Post balance sheet events

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

THE WRITE RESEARCH COMPANY LIMITED
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017

17 Related party transactions

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

£					
Nature of Transaction	Name of Company	Year (Unaudited)	Holding/ Ultimate Company	Fellow Subsidiaries	Total
Sale of Goods/ Services					
	Axelos Limited	December 31, 2017	-	-	-
		December 31, 2016	-	56,300	56,300
	Fera Science Limited	December 31, 2017	-	43,125	43,125
		December 31, 2016	-	14,800	14,800
	Total	December 31, 2017	-	43,125	43,125
		December 31, 2016	-	71,100	71,100
Trade receivables					
	Fera Science Limited	December 31, 2017	-	43,125	43,125
		December 31, 2016	-	14,800	14,800
		December 31, 2017	-	43,125	43,125
		December 31, 2016	-	14,800	14,800

18 Investments

Holdings of ordinary share capital

Details of the Company's subsidiaries at 31 December 2017 are as follows :

Company	Country of registration or incorporation	Ordinary shares held (%)	Nature of business
Smart Public Limited*	England & Wales	(100)	Dormant

*Registered office: 1 More London Place, London, SE1 2AF

*The cost and net book value of investments as on 31 December 2017 is £nil (2016 : £nil)

THE WRITE RESEARCH COMPANY LIMITED
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017

19 Reconciliation of 2016

Income statement restatement for the year ended 31 December 2016:

FRS Format	Footnote	2016 £	Reclass from FRS to IAS	2016 £
Turnover		2,537,188	-	2,537,188
Cost of sales		<u>(2,077,698)</u>	-	<u>(2,077,698)</u>
Gross profit		459,490		459,490
Administrative expenses	A	(650,949)	(169)	(651,118)
Other operating expenses	A	<u>(169)</u>	169	<u>(191,628)</u>
Operating loss		(191,628)		(191,628)
Tax on loss		33,251		33,251
Loss and comprehensive expense for the financial year		<u>(158,377)</u>		<u>(158,377)</u>

Footnote:

Note A: The other operating expenses has been merged with administrative expenses.

THE WRITE RESEARCH COMPANY LIMITED
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017

19 Reconciliation of 2016 (continued)

Following is the reconciliation between presentation as per IAS 1 and as previously reported for the comparative period of 2016:

Balance sheet restatement as on 31 December 2016:

FRS Format	Footnote	2016 £	Reclass from FRS to IAS	2016 (IAS Format) £
Fixed assets				
Tangible fixed assets		43,950	- Property, plant and equipment	43,950
		<u>43,950</u>	Total non-current assets	<u>43,950</u>
Current assets			Current assets	
Debtors	A	2,881,101	(132,471) Trade and other receivables	2,748,630
	A	-	96,908 Income tax receivable	96,908
		<u>2,881,101</u>	35,563 Deferred tax assets	35,563
			Total current assets	<u>2,881,101</u>
			Total assets	<u>2,925,051</u>
			Current liabilities	
Creditors: amounts falling due within one year	B	636,974	465,770 Trade and other payables	171,204
	B	-	(465,770) Financial liabilities	465,770
Net current assets		<u>2,244,127</u>	Total current liabilities	<u>636,974</u>
Total assets less current liabilities		<u>2,288,077</u>		
Provision for liabilities		40,625	Non-current liabilities	
			- Provisions	40,625
Capital and reserves			Total liabilities	<u>677,599</u>
Called up share capital		1,268	Net assets	<u>2,247,452</u>
Share premium account		253,905	Capital and reserves	
Profit and loss account		1,992,279	- Issued share capital	1,268
Shareholders' funds		<u>2,247,452</u>	- Share premium	253,905
			- Retained earnings	1,992,279
			Total equity	<u>2,247,452</u>

Footnote:

Note A: Deferred tax asset and income tax receivable which were earlier classified under "Debtors" are now presented separately on the face of balance sheet.

Note B: Creditors. Amounts falling due within one year included bank overdraft. This is now separately presented on the face of balance sheet.