

Company Registration No. 07462788 (England and Wales)

**BRIGHTWAVE HOLDINGS LIMITED**  
**ANNUAL REPORT AND UNAUDITED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

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# BRIGHTWAVE HOLDINGS LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	D C Manuel on behalf of Capita Corporate Director Limited C Karayannis
<b>Secretary</b>	Capita Group Secretary Limited
<b>Company number</b>	07462788
<b>Registered office</b>	65 Gresham Street London England EC2V 7NQ

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# BRIGHTWAVE HOLDINGS LIMITED

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# BRIGHTWAVE HOLDINGS LIMITED

## STRATEGIC REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2020

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

#### Review of the business

Brightwave 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 People Solutions division.

The principal activity of the Company is that of a holding company. There have not been any significant changes in the Company's principal activities in the year under review. The Directors are not aware, at the date of this report, of any likely major changes in the Company's activities in the next year.

As shown in the Company's income statement on page 5, the Company's revenue has decreased from £3,050,000 in 2019 to £1,450,000 in 2020. The operating loss was £nil in 2020 (2019: £nil).

The balance sheet on pages 6 and 7 of the financial statements shows the Company's financial position at the year end. Net assets have increased from £1,362,031 in 2019 to £1,365,366 in 2020. Details of amounts owed by/to its parent company and fellow subsidiary undertakings are shown in notes 10 and 11 of the report.

The Company has not identified any key performance indicators due to the nature of its operations as a holding company and as described in the business review above.

#### 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 financial and compliance risk.

The principal themes of risk for the Company are:

- *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 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 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.

# BRIGHTWAVE HOLDINGS LIMITED

## STRATEGIC REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 DECEMBER 2020**

### 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.

<b>Our People</b>	
What matters to them?	Flexible working, learning and development opportunities leading to career progression, fair pay and benefits as a reward for performance, two-way communication, and feedback.
How we engaged?	People surveys, regular all-employee communications.
Topics of Engagement	Protection of employees during Covid-19, human resources policies during Covid-19, future ways of working as a result of Covid-19, and creating an inclusive workplace.
Outcomes and actions	Issue of Capita specific Covid-19 guidance and regular updates, new and temporary human resource policies (eg. furlough and flexible working).
Key Metrics	Employee net promoter score, people survey completion level.
<b>Supplier and Partners</b>	
What matters to them?	Payments made within agreed payment terms, clear and fair procurement process, building lasting commercial relationships, and working inclusively with all types of business.
How we engaged?	Supplier meetings throughout the source to procure process, regular reviews with suppliers, and supplier questionnaires.
Topics of Engagement	Supplier payments, sourcing requirements, supplier performance, and the Supplier Charter.
Outcomes and actions	Alignment of payments with agreed terms, supplier feedback on improvements to the procurement process, improvement plans and innovation opportunities, and improved adherence to the Supplier Charter.
Key Metrics	Percentage of supplier payments within agreed terms, supplier relationship management feedback score, and supplier diversity profile.
<b>Society</b>	
What matters to them?	Social mobility, youth skills and jobs, digital inclusion, diversity and inclusion, climate change, and business ethics.
How we engaged?	Membership of non-governmental organisations, and charitable and community partnerships.
Topics of Engagement	Youth employment, tackling digital exclusion, workplace inequalities, and carbon reduction targets.
Outcomes and actions	Implementation of real living wage, youth and employability programme, and commitments to tackle racism and enhance ethnic diversity.
Key Metrics	Percentage reduction in carbon footprint, amount of community investment, and responsible business report 2020: <a href="https://capita.com/responsiblebusiness">capita.com/responsiblebusiness</a> .

On behalf of the Board



D C Manuel on behalf of Capita Corporate Director Limited

**Director**

1 September 2021

# BRIGHTWAVE HOLDINGS LIMITED

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2020

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The Directors present their annual 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.

The Company has not paid or proposed any dividends during the year (2019: £nil).

#### Directors

The following Directors, have held office since 1 January 2020 and upto the date of signature of the financial statements:

D C Manuel on behalf of Capita Corporate Director Limited

A M Moffatt

C Karayannis

S R J Booth

(Resigned 1 May 2020)

(Appointed 9 November 2020)

(Appointed 30 April 2020 and resigned  
11 June 2020)

#### Political donations

The Company made no political donations and did not incur any political expenditure during the year (2019: £nil).

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

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

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

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

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

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

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.

# **BRIGHTWAVE HOLDINGS LIMITED**

## **DIRECTORS' REPORT (CONTINUED)**

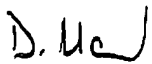
***FOR THE YEAR ENDED 31 DECEMBER 2020***

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### **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. This qualifying third party indemnity provision remains in force as at the date of approving the Directors' report.

On behalf of the Board



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D C Manuel on behalf of Capita Corporate Director Limited

**Director**

1 September 2021

# BRIGHTWAVE HOLDINGS LIMITED

## INCOME STATEMENT

*FOR THE YEAR ENDED 31 DECEMBER 2020*

		Unaudited 2020 £	Unaudited 2019 £
	Notes		
Revenue	3	1,450,000	3,050,000
Administrative expenses		(1,450,000)	(3,050,000)
<b>Operating loss</b>	4	-	-
Net finance costs	5	(1,965)	-
<b>Loss before tax</b>		(1,965)	-
Income tax credit	6	5,300	22,292
<b>Total comprehensive income for the year</b>		<b>3,335</b>	<b>22,292</b>

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 passing through the income statement.

The notes on pages 9 to 21 form an integral part of these financial statements.



# BRIGHTWAVE HOLDINGS LIMITED

## BALANCE SHEET

AS AT 31 DECEMBER 2020

	Notes	Unaudited 2020 £	Unaudited 2019 £
<b>Non-current assets</b>			
Property, plant and equipment	7	50,463	75,113
Intangible assets	8	165,932	251,477
Investments in subsidiaries	9	1,001	1,001
Deferred tax assets	6	64,053	41,755
		<u>281,449</u>	<u>369,346</u>
<b>Current assets</b>			
Trade and other receivables	10	1,815,125	3,231,964
		<u>1,815,125</u>	<u>3,231,964</u>
<b>Total assets</b>		<u>2,096,574</u>	<u>3,601,310</u>
<b>Current liabilities</b>			
Trade and other payables	11	527,476	1,090,306
Financial liabilities	12	190,725	1,130,370
Income tax payable		13,007	18,603
		<u>731,208</u>	<u>2,239,279</u>
<b>Total liabilities</b>		<u>731,208</u>	<u>2,239,279</u>
<b>Net assets</b>		<u>1,365,366</u>	<u>1,362,031</u>

# BRIGHTWAVE HOLDINGS LIMITED

## BALANCE SHEET (CONTINUED)

AS AT 31 DECEMBER 2020

	Notes	Unaudited 2020 £	Unaudited 2019 £
<b>Capital and reserves</b>			
Issued share capital	13	1,077	1,077
Share premium		3,069	3,069
Retained earnings		1,361,220	1,357,885
<b>Total equity</b>		<b>1,365,366</b>	<b>1,362,031</b>

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.

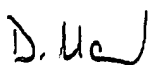
The members have not required the Company to obtain an audit of its financial statements for the year in question in accordance with section 476 of the Companies Act 2006.

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 financial statements.

These financial statements have been prepared in accordance with the provisions applicable to companies subject to Small Companies regime.

The notes on pages 9 to 21 form an integral part of these financial statements.

Approved by Board and authorised for issue on 1 September 2021



**D C Manuel on behalf of Capita Corporate Director Limited**  
**Director**

Company Registration No. 07462788

# BRIGHTWAVE HOLDINGS LIMITED

## STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

	Share capital	Share premium	Retained earnings	Total equity
	£	£	£	£
At 1 January 2019 - unaudited	1,077	3,069	1,335,593	1,339,739
Total comprehensive income for the year (unaudited)	-	-	22,292	22,292
At 31 December 2019 - unaudited	1,077	3,069	1,357,885	1,362,031
Total comprehensive income for the year (unaudited)	-	-	3,335	3,335
At 31 December 2020 - unaudited	1,077	3,069	1,361,220	1,365,366

### Share capital

The balance classified as share capital is the nominal proceeds on issue of the Company's equity share capital, comprising 1,077 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 9 to 21 form an integral part of these financial statements.

# BRIGHTWAVE HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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### 1 Accounting policies

#### 1.1 Basis of preparation

Brightwave 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. The financial projections capture the benefits that the Capita group-wide transformation plan is anticipated to deliver, including sales growth together with margin improvements and cost out targets, and the costs to achieve these. COVID-19 has introduced unprecedented economic uncertainties and has led to increased judgement particularly in forecasting future financial performance. The forecast impact of COVID-19 has been incorporated within the base case forecasts, however the continuing uncertainty over how the COVID-19 pandemic might evolve, including the speed and timing of economic recovery, makes precise forecasting challenging.

##### *Severe but plausible downside risk*

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

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

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

- provision of certain services, such as administrative support services and should the Group be unable to deliver these services, the Company would have difficulty in continuing to trade;
- participation in the Group's notional cash pooling arrangements, of which £583,647 was held 31 July 2021. In the event of a default by the Group, the Company may not be able to access its cash balance within the pooling arrangement;
- recovery of receivables of £152,849 from fellow Group undertakings as of 31 July 2021. If these receivables are not able to be recovered when forecast by the Company, then the Company may have difficulty in continuing to trade; and
- additional funding that may be required if the company suffers potential losses in future.

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.

# BRIGHTWAVE HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

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### 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](http://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.

##### *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.

# BRIGHTWAVE HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

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### 1 Accounting policies

(Continued)

#### 1.1 Basis of preparation (Continued)

##### *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.

#### 1.2 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 financial 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 can be obtained from Capita plc’s website <http://capita.com/investors>.

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

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

Since 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 items:

- 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.

# BRIGHTWAVE HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2020

#### 1 Accounting policies

(Continued)

##### 1.3 Changes in accounting policies

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

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

##### 1.4 Leasing

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

##### 1.5 Other Intangibles

Intangible assets are valued at cost less accumulated amortisation. Amortisation is calculated to write off the cost in equal annual instalments over their estimated useful life, which is typically 5 years. In the case of software development costs, research expenditure is written off to the income statement in the period in which it is incurred. Development expenditure is written off to the income statement in the period in which it is incurred unless and until the Company is satisfied as to the technical, commercial and financial viability of individual projects. In these cases, the development expenditure is capitalised and amortised over the period during which the Company is expected to benefit.

Intangible assets with finite lives are only tested for impairment, either individually or at the cash-generating unit level, where there is an indicator of impairment.

If any such indication exists and where the carrying value exceeds the estimated value in use, the assets are written down to their estimated value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the value in use is determined for the cash-generating unit to which the asset belongs.

##### 1.6 Property, plant and equipment

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

Leasehold improvements	5 years straight line
Computer equipment	3 years straight line

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

##### 1.7 Investments 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.

# BRIGHTWAVE HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

*FOR THE YEAR ENDED 31 DECEMBER 2020*

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### 1 Accounting policies

(Continued)

#### 1.8 Pensions

The company participates in a number of defined contribution schemes and contributions are charged to the income statement in the year in which they are due. These schemes are funded and the payment of contributions is made to separately administered trust funds. The assets of these schemes are held separately from the company. The company remits monthly pension contributions to a fellow subsidiary undertaking, which pays the group liability centrally. Any unpaid contributions at the year-end have been accrued in the accounts of that company.

#### 1.9 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 foreign exchange differences are taken to the income statement.

#### 1.10 Taxation

Tax on 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, in which case it is recognised directly in equity or other comprehensive income.

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

Deferred tax is provided, using the liability method, on all temporary differences at the balance sheet date arising 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;
- 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, 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 losses can be utilised, 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 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.



# BRIGHTWAVE HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

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### 1 Accounting policies

(Continued)

#### 1.11 Financial instrument

##### Investments and other financial assets

###### *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 Company's business model for managing the financial assets and the contractual terms of the cash flows.

###### *Recognition and derecognition*

Regular way purchases and sales of financial assets are recognised on the trade date (i.e., the date on which the Company commits to purchase or sell the asset).

###### *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 to income statement.

###### *Impairment*

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

###### *Trade and other receivables*

The Company assesses on a forward-looking basis the expected credit losses associated with its receivables carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Company applies the simplified approach permitted by IFRS 9, resulting in trade receivables recognised and carried at original invoice amount less an allowance for any uncollectible amounts based on expected credit losses.

###### *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.

#### 1.12 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 because it is fully exempt from the requirement to do so by section 400 of the Companies Act 2006 since it is a subsidiary undertaking of Capita plc, a company incorporated in England and Wales, and is included in the consolidated financial statements of that company.

# BRIGHTWAVE HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

### 2 Significant accounting judgements, estimates and assumptions

In the application of the Company's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The key sources of estimation uncertainty that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are the measurement and impairment of investments and provisions.

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 Revenue

The total revenue of the Company for the year has been derived from its principal activity wholly undertaken in the United Kingdom and represents fees for management services provided to subsidiaries.

4	Operating loss for the year	Unaudited 2020 £	Unaudited 2019 £
	<b>Operating loss for the year is stated after charging/(crediting):</b>		
	Net foreign exchange loss/(gain)	1,223	(4,635)
	Depreciation of property, plant and equipment	42,036	36,880
	Amortisation of intangible assets	85,545	3,051
	Expenses relating to short term leases - plant and machinery	1,099	5,706
	Expenses relating to short term leases - other assets	132,200	135,621
	Management fee recovery	(1,450,000)	(3,050,000)

5	Net finance costs	Unaudited 2020 £	Unaudited 2019 £
	Interest payable to group undertakings	1,965	-
		<u>1,965</u>	<u>-</u>

# BRIGHTWAVE HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

### 6 Income tax

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

	Unaudited 2020 £	Unaudited 2019 £
<b>Current tax</b>		
UK corporation tax	(2,000)	(3,992)
Adjustments in respect of prior periods	18,999	(2,145)
	<u>16,999</u>	<u>(6,137)</u>
<b>Deferred tax</b>		
Origination and reversal of temporary differences	(5,168)	3,973
Adjustments in respect of prior periods	(17,131)	(20,128)
	<u>(22,299)</u>	<u>(16,155)</u>
<b>Total tax credit reported in the income statement</b>	<u><u>(5,300)</u></u>	<u><u>(22,292)</u></u>

The reconciliation between tax credit 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 £	Unaudited 2019 £
<b>Profit before taxation</b>	<u>(1,965)</u>	<u>-</u>
Profit before taxation multiplied by the standard rate of corporation tax in the UK of 19% (2019: 19%)	(373)	-
	<u>_____</u>	<u>_____</u>
Taxation impact of factors affecting tax (credit)/charge:		
Expenses not deductible for taxation purposes	133	448
Impact of changes in statutory tax rates	(6,928)	(467)
Adjustments in respect of current income tax of prior periods	18,999	(2,145)
Adjustments in respect of deferred income tax of prior periods	(17,131)	(20,128)
	<u>_____</u>	<u>_____</u>
Total adjustments	<u>(4,927)</u>	<u>(22,292)</u>
	<u>_____</u>	<u>_____</u>
<b>Total tax credit reported in the income statement</b>	<u><u>(5,300)</u></u>	<u><u>(22,292)</u></u>

# BRIGHTWAVE HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

### 6 Income tax

(Continued)

	Balance sheet		Income statement	
	Unaudited 2020 £	Unaudited 2019 £	Unaudited 2020 £	Unaudited 2019 £
Accelerated capital allowances	(59,303)	(41,755)	(17,549)	(16,155)
Other short term timing differences	(4,750)	-	(4,750)	-
<b>Net deferred tax asset</b>	<b>(64,053)</b>	<b>(41,755)</b>		
<b>Deferred income tax credit</b>			<b>(22,299)</b>	<b>(16,155)</b>

#### Deferred tax

A change to the main UK corporation tax rate was substantively enacted on 17 March 2020. The rate applicable from 1 April 2020 now remains at 19 percent, rather than the previously enacted reduction to 17 percent. The UK deferred tax asset at 31 December 2020 has been calculated based on this rate, resulting in a £6,928 tax credit to the income statement in 2020.

On 3 March 2021, it was announced in the Budget that the UK tax rate will increase from 19% to 25% from 1 April 2023 onwards. This will increase the company's future income tax charge from 2023. If this rate change had theoretically been applied to the deferred tax balances at 31 December 2020, the deferred tax asset would have increased by £20,227.

# BRIGHTWAVE HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

### 7 Property, plant and equipment

	Leasehold improvements £	Computer equipment £	Total £
<b>Cost</b>			
At 1 January 2020 - unaudited	26,470	269,190	295,660
Additions	-	12,300	12,300
Intragroup transfer	-	6,539	6,539
Asset retirement	-	(8,088)	(8,088)
<b>At 31 December 2020 - unaudited</b>	<b>26,470</b>	<b>279,941</b>	<b>306,411</b>
<b>Depreciation and impairment</b>			
At 1 January 2020 - unaudited	12,084	208,463	220,547
Intragroup transfer	-	1,453	1,453
Depreciation	4,014	38,022	42,036
Asset retirement	-	(8,088)	(8,088)
<b>At 31 December 2020 - unaudited</b>	<b>16,098</b>	<b>239,850</b>	<b>255,948</b>
<b>Net book value</b>			
<b>At 31 December 2019 - unaudited</b>	<b>14,386</b>	<b>60,727</b>	<b>75,113</b>
<b>At 31 December 2020 - unaudited</b>	<b>10,372</b>	<b>40,091</b>	<b>50,463</b>

### 8 Intangible assets

	Software £
<b>Cost</b>	
At 1 January 2020 - unaudited	254,528
Asset retirement	(3,579)
<b>At 31 December 2020 - unaudited</b>	<b>250,949</b>
<b>Amortisation</b>	
At 1 January 2020 - unaudited	3,051
Amortisation	85,545
Asset retirement	(3,579)
<b>At 31 December 2020 - unaudited</b>	<b>85,017</b>
<b>Net book value</b>	
<b>At 31 December 2019 - unaudited</b>	<b>251,477</b>
<b>At 31 December 2020 - unaudited</b>	<b>165,932</b>

# BRIGHTWAVE HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED 31 DECEMBER 2020**

### 9 Investment in subsidiaries

	£
<b>Cost</b>	
At 1 January 2020 and 31 December 2020 - unaudited	1,001
	<u>1,001</u>
<b>Impairment</b>	
At 1 January 2020 and 31 December 2020 - unaudited	-
	<u>-</u>
<b>Net book value</b>	
At 31 December 2019 - unaudited	1,001
At 31 December 2020 - unaudited	<u>1,001</u>

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

Name of undertaking	Registered office address	Ownership (%)	Nature of business
Brightwave Limited	65 Gresham Street, London, England, EC2V 7NQ	100	E-learning content development
Brightwave Enterprises Limited	65 Gresham Street, London, England, EC2V 7NQ	100	Provisions of e-learning systems

### 10 Trade and other receivables

	Unaudited 2020 £	Unaudited 2019 £
Other receivables	131,532	158,483
Prepayments	37,139	35,731
VAT recoverable	23,784	32,566
Amounts due from parent and fellow subsidiary undertakings	1,622,670	3,005,184
	<u>1,815,125</u>	<u>3,231,964</u>

# BRIGHTWAVE HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

11 Trade and other payables	Unaudited 2020 £	Unaudited 2019 £
Trade payables	21,194	83,643
Accruals	30,000	225,000
Amounts due to parent and fellow subsidiary undertakings	476,282	781,663
	<u>527,476</u>	<u>1,090,306</u>

12 Financial liabilities	Unaudited 2020 £	Unaudited 2019 £
Current		
Overdrafts	190,725	1,130,370
	<u>190,725</u>	<u>1,130,370</u>

13 Issued share capital	Unaudited 2020 Numbers	Unaudited 2019 Numbers	Unaudited 2020 £	Unaudited 2019 £
Allotted, called up and fully paid				
Ordinary shares of £1 each				
At 1 January	1,077	1,077	1,077	1,077
At 31 December	<u>1,077</u>	<u>1,077</u>	<u>1,077</u>	<u>1,077</u>

## 14 Pensions and other post-retirement benefit commitments

The total costs charged to income statement in respect of defined contribution plans is £53,205 (2019: £102,448).

## 15 Employees

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

	Unaudited 2020 Number	Unaudited 2019 Number
Sales	-	14
Administration	14	17
	<u>14</u>	<u>31</u>

# BRIGHTWAVE HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

### 15 Employees

(Continued)

Their aggregate remuneration comprised:

	Unaudited 2020 £	Unaudited 2019 £
<b>Employee costs</b>		
Wages and salaries	991,551	1,583,925
Social security costs	100,121	181,965
Pension costs	53,205	102,448
	<u>1,144,877</u>	<u>1,868,338</u>

### 16 Directors' remuneration

The Directors have not provided qualifying services to the Company and are paid by other companies within the Capita Group. Such remuneration has not been allocated to the Company. In addition to the above, the Directors of the Company were reimbursed for the expenses incurred by them whilst performing business responsibilities.

### 17 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 incorporated in England and Wales. The annual report and consolidated financial statements of Capita plc are available from its registered office at 65 Gresham Street, London, England, EC2V 7NQ.

### 18 Post balance sheet event

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