
SOPRA STERIA LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

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SOPRA STERIA LIMITED

CONTENTS

	Page
Company Information	1
Strategic Report	2 - 5
Directors' Report	6 - 9
Independent Auditor's Report	10 - 11
Statement of Comprehensive Income	12
Statement of Financial Position	13 - 14
Statement of Changes in Equity	15
Notes to the Financial Statements	16 - 51

SOPRA STERIA LIMITED

COMPANY INFORMATION

DIRECTORS

Mr D S Ahluwalia
Mme. S C M Dangu
Mr J J Moran
Mr J P Torrie

COMPANY SECRETARY

Mr P A Cashmore

REGISTERED NUMBER

04077975

REGISTERED OFFICE

Three Cherry Trees Lane
Hemel Hempstead
Hertfordshire
HP2 7AH

INDEPENDENT AUDITOR

Mazars LLP
Chartered Accountants and Statutory Auditor
Tower Bridge House
St Katharine's Way
London
E1W 1DD

BANKERS

Barclays Bank PLC
1 Churchill Place
Canary Wharf
London
E14 5HP

SOPRA STERIA LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

INTRODUCTION

The Directors are pleased to present their Strategic Report for the year ended 31 December 2016.

BUSINESS REVIEW

The Company generated revenue of £524.2 million in 2016 (2015: £513.9 million). Its profit before tax for the year was £32.8 million, compared to a profit of £27.8 million in the previous year. Included in exceptional items are costs of £1.3 million (2015: £3.7 million) incurred as a result of restructuring and profit of £nil (2015: £14 million) relating to the reversal of an investment impairment provision. The Company generated an operating profit of £32.1 million before exceptional items and share-based payments in 2016 compared to an equivalent profit of £19.5 million in 2015.

The 'Brexit' referendum decision had no material impact on business in the financial year. However, Sterling fell by an average of 11.4% against the Euro, which led to import of goods and services becoming more expensive in Sterling terms.

In the UK public sector, the Company continued to make progress with its landmark subsidiary owned jointly with the Cabinet Office. Shared Services Connected Ltd (SSCL), in which the Company has a 75% shareholding, delivers shared procurement, finance and HR services to UK Government customers including the Department for Work and Pensions, the Department for Environment, Food and Rural Affairs, the Environment Agency, the Home Office and the Ministry of Justice. In October 2015 the client base of SSCL was expanded to include the Metropolitan Police, providing a range of Police-specific back-office services. Sales opportunities remain promising for the forthcoming years, both in terms of back-office outsourcing and with the development of big data service add-ons to analyse the data flowing through those platforms.

NHS Shared Business Services Limited (NHS SBS), the company jointly owned by Sopra Steria Limited and the Department of Health, continues to make excellent progress. 100% of NHS Commissioners, and around 30% of NHS Providers receive services from NHS SBS, including Finance and Accounting, Procurement and Employment Services.

2016 saw the Company's wider public sector business win some key new name clients. In Justice, the Company signed a major IT managed services contract with Interserve PLC to deliver the national infrastructure for its Community Rehabilitation Companies (CRCs). Interserve leads a partnership called Purple Futures that provides probation services for medium and low risk offenders via five CRCs. Other key project successes included implementation of the HM Courts and Tribunals Service (HMCTS) 'Court Store' application to deliver digital transformation within the Criminal Justice system, helping HMCTS to move away from the reliance on paper, and towards working digitally in the court room.

The emergency services business continued to support 60% of the police forces in England and Scotland with our STORM Command and Control system. In 2016, the Company was awarded a framework contract by South Yorkshire and Humberside Police to deliver SmartContact®, an integrated multi-channel customer contact and resource management solution - the first of its kind in the UK - that will be used by both forces' contact and dispatch centres. In addition, Yorkshire and the Humber Scientific Support Service (YHSSS) invested in a command and control system to support the first collaborative crime scene investigation (CSI) operation in the UK.

SOPRA STERIA LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

The financial services business won a contract with Financial Conduct Authority (FCA) to deliver the UK's largest digital regulatory market data processing platform that will support their on-going regulation of firms, as well as encompassing new requirements under the forthcoming EU regulation entitled the 'Markets in Financial Instruments Directive' (MiFID II). We also signed a new digital partnership with 'The Services Family', a UK military challenger bank being developed by The Services Family Ltd (TSFL). Our managed service solution, in conjunction with the Sopra Banking Software platform, will deliver a complete end-to-end solution for a new bank with a single partner.

Initiatives put in place during 2015 to lay the foundation for recovery of the commercial sector started to bear results and new partnerships included N Brown Group, a leading multi-brand fashion retailer whose brands include Simply Be and Jacamo, to help support its transformation from a direct mail-led to digital-first retailer.

Sopra Steria's Indian operation is a key element of the Company's integrated delivery model, providing high quality and innovative offshore services for our private sector companies, helping them become more competitive, more efficient and increasing shareholder value; for public sector organisations seeking more efficiency in citizen-centric service delivery, it can help to make savings for the taxpayer by offering efficient e-government services at better value.

It should be noted that legal proceedings have been commenced by the trustees of the Steria Pension Plan (formerly the Xansa Pension Plan) in the High Court to confirm the validity and date of effect of a deed of amendment concerning this defined benefit pension scheme. The deed, executed in 2006, modified the member contributions and their future rights in the Plan (which Plan has been closed to future accruals since 2010). Sopra Steria Limited, as Principal Employer is also a party to the proceedings.

In the event of an unfavourable decision, there could be a risk of a re-evaluation of the contributions and future rights.

In light of the situation, the Trustees and Sopra Steria Limited have commenced legal proceedings against the previous Plan advisers for breach of duty and for any and all losses, which proceedings are stayed until the decision of the High Court.

SOPRA STERIA LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

PRINCIPAL RISKS AND UNCERTAINTIES

Our risk management strategy categorises risks into those involving people, clients and liquidity.

To mitigate the risk associated with dependence on key individuals, we have a robust succession planning process in place which identifies talent at all levels within the organisation and ensures that appropriate training and development plans are in place. This process is underpinned by our Competency Framework and the Training Matrix which provides employees with a range of resources to help them develop their skills and capabilities.

To ensure a balanced portfolio of clients, our business development focus is on securing new name customers as well as deepening our existing client relationships and expanding the scope of the services we deliver to them.

Liquidity risk is managed by forecasting cash flows on a regular basis and liaising with the ultimate parent company to ensure the Company is optimally funded.

The Company appreciates that the impact on business as a result of the ongoing 'Brexit' negotiations is uncertain and anticipates it is likely to cause delays to the tendering and procuring of contracts in the short to medium term, but should stimulate opportunities in the public sector in the medium to longer term.

In addition, credit risk is managed by checking potential new customers with external credit agencies prior to contract signature. Foreign exchange risk is mitigated by working with the ultimate parent company who hedge exposure as required.

The value of the deficit in the defined benefit pension schemes increases or reduces year-on-year, in line with changes in accounting assumptions and the market value of assets in the schemes. Contributions to the schemes are made in accordance with a formal contribution schedule for each scheme which is agreed with the Trustees as part of the triennial valuation process. The next triennial valuations are due to be completed in 2017.

FINANCIAL KEY PERFORMANCE INDICATORS

The Company's financial key performance indicators reflect its strategy and focus on revenue growth and profitability.

	2016	2015
	£000	£000
Turnover	524,228	513,904
Operating profit after exceptional items and share-based payments	30,438	29,444
Profit before tax	32,787	27,754

SOPRA STERIA LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

OTHER KEY PERFORMANCE INDICATORS

Sopra Steria incorporates the good principles and culture of sustainability into all aspects of our business to create more value for clients, be a part of more sustainable economies and communities and have more engaged employees. We look to make a positive difference to our communities through education and skills development, digital inclusion, entrepreneurship and charitable work.

In 2016, we became digital technology partner for the 'Game Changer' project whose ambition is to make a significant impact in raising physical fitness and promoting healthy lifestyles to primary school children in the north west of England. We refurbished client computing equipment and installed it in eight community cafes that provide digital services to disabled, older and unemployed people in Gloucestershire. We are also in partnership with the Prince's Trust and a number of our employees have volunteered to help run and lead programmes that inspire and empower young people to realise their potential. In 2016, we introduced the offer to all employees of one day's paid company time to volunteer in their community.

During 2016, more than 50 community-related projects and 80 UK registered charities were supported by Sopra Steria employees. For example, our annual 'Community Matters' week-long campaign raised around £20 thousand in funds for over 30 good causes. Sopra Steria employees were also involved in raising over £55 thousand for their chosen causes during the year. Commitment to specific themes such as digital inclusion, education, skills and employment saw the Company make a significant investment of over £105 thousand in donations, sponsorship and grants – for example, sponsoring a wheelchair fencer in his quest to qualify for the Rio 2016 Paralympics – during which he won a Silver medal, and becoming a Gold Sponsor for a school's solar panel project.

Sopra Steria believes that our diversity is a strength and the different backgrounds, experiences and perspectives within our workforce are rich sources of new ideas and potential innovation. We offer a workplace where employees are valued as individuals, and where people have the opportunity to reach their full potential.

We are committed to gender parity in our own business, as well as in our industry and business in general. According to Deloitte, only 25% of jobs in IT in the developed world were held by women at the end of 2016. Sopra Steria is beating the trend: 34% of our UK workforce, and 36% of our UK board, are women.

This report was approved by the Board on 31st March 2017 and signed on its behalf.



Mr P A Cashmore
Company Secretary

5 April 2017

SOPRA STERIA LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

The Directors present their report and the financial statements for the year ended 31 December 2016.

DIRECTORS' RESPONSIBILITIES STATEMENT

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 the Directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 judgments and accounting 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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 also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

PRINCIPAL ACTIVITY

The Company provides one of the most comprehensive portfolios of end-to-end service offerings on the market: consulting, systems integration, software development, infrastructure management and business process services. We are trusted by leading private and public-sector organisations to deliver successful transformation programmes that address their most complex and critical business challenges. Combining high quality and performance services, added value and innovation, Sopra Steria enables its clients to make the best use of digital technology. With over 39,800 employees in more than 20 countries, the Sopra Steria group generated revenue of €3.7 billion in 2016.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £27,740 thousand (2015: £25,729 thousand).

No dividends were paid during the year (2015: £Nil) and the Directors do not recommend the payment of a final dividend.

DIRECTORS

The Directors who served during the year were:

Mr D S Ahluwalia
Mme. S C M Dangu
Mr L P C Lemaire (resigned 29 February 2016)
Mr J J Moran
Mr J P Torrie

SOPRA STERIA LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

ENVIRONMENTAL MATTERS

For Sopra Steria, sustainability has been part of everyday business and deeply embedded within our Company culture for many years. We continually strive to improve not only our own environmental performance, but share best 'sustainable' practice with our suppliers, clients and partners, and to collaborate with industry, trade and professional bodies on environmental sustainability. The Company participates in the Group-wide Carbon Management Programme obtaining CarbonNeutral® certification for all of our premises (Office Space), Data Centres and business travel.

Sopra Steria has supported WWF's Earth Hour cause for a number of years, joining millions across the world to switch off non-essential lights for one hour to show we care about the future of our brilliant planet and we are Gold Sponsor of the Eleanor Palmer Primary School (Camden, London) solar panels initiative to put solar panels on their school roof to help the environment and reduce energy costs. In India, we have set up solar powered computer centres for schools in areas where the electricity supply is erratic.

Sopra Steria's procurement and supply chain management practices play an integral part in helping us achieve our sustainable business goals. We recognise that the sustainability risks and opportunities in our supply chain are significant and in 2016, we developed a Code of Conduct and an annual sustainability self-assessment for our major suppliers about their approach to managing economic, social and environmental sustainability.

To manage the impacts of our business internally, we use an Environmental Management System (EMS) which is certified to the ISO14001 standard.

FUTURE DEVELOPMENTS

The Directors are satisfied that the Company has adequate resources for its foreseeable future needs and for this reason continue to adopt the going concern basis in preparing the financial statements.

The Directors expect to continue to trade profitably in the coming years.

The Company is driving a refreshed vision to be the digital transformation and services partner of choice across technology, process and analytics which we will achieve by transforming the performance of our clients by the effective application of digital practices through consultancy, IT and business solutions.

The Company has a healthy pipeline of opportunities with current and potential new name clients across all of our market sectors. In 2016, we formed some significant technical and market partnerships and framework agreements which, going forward, will differentiate Sopra Steria as a digital enabler and transformation partner of choice.

SOPRA STERIA LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

EMPLOYEE INVOLVEMENT

Employee engagement through a number of channels including internal social media, intranet, and face to face meetings ensure that all employees have access to information about the Sopra Steria Group, have knowledge of and can participate in social activities, can submit their ideas for improvements or innovation and feel they can comment freely about their Company's activities.

Employees are encouraged to participate in a number of external activities where they can benefit others or broaden their knowledge in their particular technical or business field. For example, participate on techUK's Women in Tech Council and the board of Scotland Women in Tech, chair the newly established Central Government Council and mentor young people with The Prince's Trust.

The Employee Forum, with employee-elected representatives, represents the views of employees and champions the needs of our business, by engaging and consulting with the Sopra Steria management team and employees on company policy and practices.

To encourage employees to participate directly in the Group's future development and performance, a new employee shareholding programme was launched in March 2016.

DISABLED EMPLOYEES

The Company gives full consideration to applications for employment from disabled persons, where the requirements of the job can be adequately fulfilled by a handicapped or disabled person.

Where existing employees become disabled, it is Company policy wherever practicable, to provide continuing employment under normal terms and conditions and to provide training, career development and promotion.

QUALIFYING THIRD PARTY INDEMNITY PROVISIONS

The Directors have been granted an indemnity from the Company against liability incurred by them in the discharge of the duties of their office. Neither the Company's indemnity nor insurance provides cover in the event that a Director is proved to have acted fraudulently, in knowing breach of trust or otherwise dishonestly.

The Company has undertaken to indemnify the directors of Steria (Retirement Plan) Trustees Limited, Steria Electricity Supply Pension Trustees Limited, Steria (Pension Plan) Trustees Limited, Steria (Pooled Investments) Trustees Limited and Steria (Management Plan) Trustees Limited under the rules of the relevant legacy Steria pension schemes. These may, to some extent, be qualifying third party indemnity provisions under sections 234 or qualifying pension scheme indemnity provisions under Section 235 of the Companies Act 2006. However, these indemnity provisions do not provide cover in the event that a director is proved to have acted fraudulently or in knowing breach of trust or for costs incurred in defence of application for relief where judgement is given against him, nor will they cover a Director's liabilities to the Company or to an associated company.

MATTERS COVERED IN THE STRATEGIC REPORT

Details of the Company's financial risk management policies are included in the strategic report.

DISCLOSURE OF INFORMATION TO AUDITOR

Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

SOPRA STERIA LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2016**

EVENTS AFTER THE REPORTING PERIOD

There have been no significant events affecting the Company since the year end.

AUDITOR

Under section 487(2) of the Companies Act 2006, Mazars LLP will be deemed to have been reappointed as auditor 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

This report was approved by the board on *8th March 2017* and signed on its behalf.



Mr P A Cashmore
Secretary

5 April 2017

SOPRA STERIA LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF SOPRA STERIA LIMITED

We have audited the financial statements of Sopra Steria Limited for the year ended 31 December 2016 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 "Reduced Disclosure Framework".

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 6, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors. This report is made solely to the Company's member as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's member those matters we are required to state to it in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's member as a body for our audit work, for this report, or for the opinions we have formed.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's web-site at www.frc.org.uk/auditscopeukprivate.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

SOPRA STERIA LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF SOPRA STERIA LIMITED

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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



David Herbinet (Senior statutory auditor)

for and on behalf of

Mazars LLP
Chartered Accountants and Statutory Auditor
Tower Bridge House
St Katharine's Way
London
E1W 1DD

Date: 11/04/2017

SOPRA STERIA LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Note	2016 £000	2015 £000
Turnover	3	524,228	513,904
Administrative expenses		(492,476)	(495,519)
Other operating income	4	356	1,068
Share-based payments	5	(418)	(331)
Exceptional item - release of investment provision	6	-	14,000
Exceptional item - restructuring costs	6	(1,252)	(3,678)
OPERATING PROFIT	7	30,438	29,444
Income from shares in Group companies	11	4,500	3,700
Interest receivable and similar income	12	6,834	6,351
Interest payable and expenses	13	(4,909)	(4,634)
Other finance costs	14	(4,076)	(7,107)
PROFIT BEFORE TAX		32,787	27,754
Tax on profit	15	(5,047)	(2,025)
PROFIT FOR THE YEAR		27,740	25,729
OTHER COMPREHENSIVE INCOME FOR THE YEAR			
Actuarial (loss) / gain on defined benefit pension scheme	31	(146,570)	72,683
Deferred tax credit / (charge) regarding pension contribution excess		22,840	(14,825)
Change in rate of tax		(1,148)	(3,948)
Current tax credit regarding pension contribution excess		2,077	1,742
OTHER COMPREHENSIVE INCOME FOR THE YEAR		(122,801)	55,652
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		(95,061)	81,381

SOPRA STERIA LIMITED
REGISTERED NUMBER: 04077975

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016

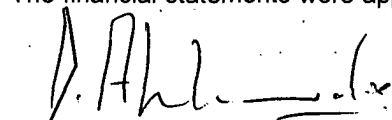
	Note	2016 £000	2015 £000
FIXED ASSETS			
Goodwill	16	49,945	49,945
Other intangible assets	17	881	1,385
Tangible assets	18	5,774	7,193
Investments	19	119,974	119,974
		<u>176,574</u>	<u>178,497</u>
CURRENT ASSETS			
Inventories	20	695	1,009
Debtors	21	425,180	371,772
Cash and cash equivalents	22	60,754	71,280
		<u>486,629</u>	<u>444,061</u>
Creditors: amounts falling due within one year	23	(176,668)	(176,196)
NET CURRENT ASSETS		<u>309,961</u>	<u>267,865</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>486,535</u>	<u>446,362</u>
Creditors: amounts falling due after more than one year	24	(60,712)	(60,712)
		<u>425,823</u>	<u>385,650</u>
Provisions for liabilities	27	(21,346)	(20,883)
		<u>(21,346)</u>	<u>(20,883)</u>
NET ASSETS EXCLUDING PENSION		<u>404,477</u>	<u>364,767</u>
Pension asset	31	3,242	2,240
Pension liabilities	31	(252,432)	(117,077)
NET ASSETS		<u><u>155,287</u></u>	<u><u>249,930</u></u>

SOPRA-STERIA LIMITED
REGISTERED NUMBER:04077975

STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 DECEMBER 2016

	Note	2016 £000	2015 £000
CAPITAL AND RESERVES			
Called up share capital	28	63,053	63,053
Share premium account		205,927	205,927
Profit and loss account		(113,693)	(19,050)
SHAREHOLDER'S FUNDS		<u>155,287</u>	<u>249,930</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on



Mr D S Ahluwalia
Director

5/4/17

The notes on pages 16 to 51 form part of these financial statements.

SOPRA STERIA LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Called up share capital £000	Share premium account £000	Profit and loss account £000	Total equity £000
At 1 January 2015	63,053	205,927	(100,762)	168,218
COMPREHENSIVE INCOME FOR THE YEAR				
Profit for the year	-	-	25,729	25,729
Actuarial gains on pension scheme	-	-	72,683	72,683
Deferred tax (charge)/credit regarding pension contribution excess	-	-	(14,825)	(14,825)
Change in rate of deferred tax	-	-	(3,948)	(3,948)
Current tax credit regarding pension contribution excess	-	-	1,742	1,742
OTHER COMPREHENSIVE INCOME FOR THE YEAR	-	-	55,652	55,652
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-	-	81,381	81,381
Share-based payments	-	-	331	331
At 1 January 2016	63,053	205,927	(19,050)	249,930
COMPREHENSIVE INCOME FOR THE YEAR				
Profit for the year	-	-	27,740	27,740
Actuarial losses on pension scheme	-	-	(146,570)	(146,570)
Deferred tax (charge)/credit regarding pension contribution excess	-	-	22,840	22,840
Change in rate of deferred tax	-	-	(1,148)	(1,148)
Current tax credit regarding pension contribution excess	-	-	2,077	2,077
OTHER COMPREHENSIVE INCOME FOR THE YEAR	-	-	(122,801)	(122,801)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-	-	(95,061)	(95,061)
Share-based payments	-	-	418	418
AT 31 DECEMBER 2016	63,053	205,927	(113,693)	155,287

SOPRA STERIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

The recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU (EU-adopted IFRSs) have been applied to the financial statements, except for certain disclosure exemptions detailed below and, where necessary, amendments have been made in order to comply with the Companies Act 2006 and The Large and Medium-sized Companies and Groups Regulations 2008/410 ('Regulations').

The financial statements have been prepared on the historical cost basis, except employee benefits and financial instruments which are measured in terms of IAS 19 and IAS 39 respectively. The principal accounting policies set out below have been consistently applied to all periods presented.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 2).

The Company is exempt from preparing group accounts under s400 of the Companies Act 2006 as at 31 December 2016, its ultimate parent, Sopra Steria Group S.A., prepares and publishes consolidated accounts which include the results of the Company and are publicly available.

The following principal accounting policies have been applied:

SOPRA STERIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

1. ACCOUNTING POLICIES (CONTINUED)

1.2 Financial reporting standard 101 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share based payment
- the requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64(o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 Business Combinations
- the requirements of paragraph 33(c) of IFRS 5 Non Current Assets Held For Sale and Discontinued Operations
- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1;
 - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
 - paragraph 118(e) of IAS 38 Intangible Assets;
 - paragraphs 76 and 79(d) of IAS 40 Investment Property; and
 - paragraph 50 of IAS 41 Agriculture
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

For certain disclosure exemptions listed above the equivalent disclosures are included in the consolidated financial statements of Sopra Steria group S.A. which are available to the public and can be obtained as set out in note 34.

SOPRA STERIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

1. ACCOUNTING POLICIES (CONTINUED)

New and revised IFRS

The adoption of the following mentioned standards, amendments and interpretations in the current year has not had a material impact on the Company's financial statements:

	EU effective date, periods beginning on or after
IAS 1 (amendment) 'Presentation of Financial Statements' - Disclosure initiative	1 January 2016
IAS 16 (amendment) 'Property, Plant and Equipment' and IAS 38 (amendment) 'Intangible Assets' - Clarification of acceptable methods of depreciation and amortisation	1 January 2016
IAS 19 (amendment) 'Employee Benefits' - Defined benefit plans: Employee contributions	1 February 2015
Annual Improvements to IFRS (2010 - 2012)	1 February 2015
Annual Improvements to IFRS (2012 - 2014)	1 January 2016

1.3 Going concern

The Directors are satisfied that the Company has adequate resources for its foreseeable needs given current budget and forecasts, availability of liquid resources, current loan facilities and long-term visibility on key contracts. For this reason the Directors have concluded that there are no material uncertainties in adopting the going concern basis in preparing the financial statements.

SOPRA STERIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

1. ACCOUNTING POLICIES (CONTINUED)

1.4 Revenue

Revenue recognition occurs generally when, and to the extent that, the right to consideration is obtained in exchange for its performance. Revenue on time and materials contracts is recognised in line with the effort expended. Revenue on recurring maintenance and support contracts is spread evenly over the term of the contract. Revenue on fixed price contracts is taken in proportion to the cost of work performed on each contract relative to the estimated total costs of completing the contract. Provision is made for the whole of any anticipated losses as soon as they are identified. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

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

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

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

SOPRA STERIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

1. ACCOUNTING POLICIES (CONTINUED)

1.5 Goodwill

Goodwill represents the excess of the cost of a business combination over the total acquisition date fair value of the identifiable assets, liabilities and contingent liabilities acquired.

Cost comprises the fair value of assets given, liabilities assumed and equity instruments issued.

When a business combination agreement provides for an adjustment to the cost of the combination which is contingent on future events, the company includes the estimated amount of that adjustment in the cost of the combination at the acquisition date if the adjustment is probable and can be measured reliably. However, if the potential adjustment is not recognised at the acquisition date but subsequently becomes probable and can be measured reliably, the additional consideration shall be treated as an adjustment to the cost of the combination. Changes in the estimated value of contingent consideration arising on business combinations completed as a consequence result in a change in the carrying value of the related goodwill.

Goodwill is capitalised as an intangible asset and is not amortised. Instead it is reviewed annually for impairment with any impairment in carrying value being charged to profit or loss. The Companies Act 2006 requires acquired goodwill to be reduced by provisions for depreciation calculated to write off the amount systematically over a period chosen by the directors, not exceeding its useful economic life. It has been deemed, however, the non-amortisation of goodwill is a departure, for the overriding purpose of giving a true and fair view. The effect of this departure has not been quantified because it is impracticable and, in the opinion of the directors, would be misleading.

1.6 Intangible assets

Software is included as part of Intangible Assets.

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Internally developed software is capitalised as an Intangible Asset only if the completion of the asset is intended and technically feasible, the Company has the ability and resources to use the asset internally or sell it in an existing market and the costs attributable to the development can be reliably measured.

Depreciation is provided on all intangible fixed assets so as to write off cost less residual value over their anticipated useful lives on a straight-line basis. This depreciation is charged to operating expenses in the income statement. The estimated useful lives range as follows:

Software Licenses	-	1 to 10 years, according to the licence period
Other intangible fixed assets	-	3 to 10 years

SOPRA STERIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

1. ACCOUNTING POLICIES (CONTINUED)

1.7 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Long-term leasehold property	- 25 to 40 years
Short-term leasehold property	- Over the period of the lease
Plant and machinery	- 3 to 15 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

1.8 Operating leases: lessee

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

1.9 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted company shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Statement of Comprehensive Income for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

SOPRA STERIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

1. ACCOUNTING POLICIES (CONTINUED)

1.10 Inventories

Work in progress is stated at the lower of the cost and net realisable value, and represents the value of work done where the benefit is expected to be recognised in future periods.

1.11 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

1.12 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

1.13 Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

SOPRA STERIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

1. ACCOUNTING POLICIES (CONTINUED)

1.14 Financial instruments

The Company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The Company's accounting policies in respect of financial instruments transactions are explained below:

Financial assets

The Company classifies all of its financial assets as loans and receivables.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Company will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the Income Statement. On confirmation that the trade receivable will not be collected, the gross carrying value of the asset is written off against the associated provision.

Financial liabilities

The Company classifies all of its financial liabilities as liabilities at amortised cost.

Financial liabilities at amortised cost including bank borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried into the Statement of Financial Position.

SOPRA STERIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

1. ACCOUNTING POLICIES (CONTINUED)

1.15 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is Pounds Sterling.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'finance income, or costs'. All other foreign exchange gains and losses are presented in the Statement of Comprehensive Income within 'other operating income'.

1.16 Finance costs

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

SOPRA STERIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

1. ACCOUNTING POLICIES (CONTINUED)

1.17 Share-based payments

Where share options or free performance shares are awarded to employees, the fair value of the award at the date of grant is charged to the Statement of Comprehensive Income over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each Statement of Financial Position date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options or free shares that eventually vest. Market vesting conditions are factored into the fair value of the awards granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the Company keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of options or free performance shares are modified before they vest, the increase in the fair value of the awards, measured immediately before and after the modification, is also charged to Statement of Comprehensive Income over the remaining vesting period.

Where equity instruments are granted to persons other than employees, the Statement of Comprehensive Income is charged with fair value of goods and services received.

SOPRA STERIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

1. ACCOUNTING POLICIES (CONTINUED)

1.18 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

Defined benefit pension plan

The Company operates a number of defined benefit plan for certain employees. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including but not limited to age, length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan.

The liability recognised in the Statement of Financial Position in respect of the defined benefit plan is the present value of the defined benefit obligation at the end of the reporting date less the fair value of plan assets at the reporting date (if any) out of which the obligations are to be settled.

The defined benefit obligation is calculated using the projected unit credit method. Annually the Company engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating to the estimated period of the future payments ('discount rate').

The fair value of plan assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with the Company's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as 'Actuarial gains / losses'.

The cost of the defined benefit plan, recognised in profit or loss as employee costs, except where included in the cost of an asset, comprises:

- a) the increase in net pension benefit liability arising from employee service during the period; and
- b) the cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in profit or loss as 'other finance costs'.

SOPRA STERIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

1. ACCOUNTING POLICIES (CONTINUED)

1.19 Interest income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

1.20 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

1.21 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

1.22 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

SOPRA STERIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

1. ACCOUNTING POLICIES (CONTINUED)

1.23 Acquisition of trade and assets

Where trade and assets are purchased from a fellow Group undertaking, the net assets acquired are recorded as assets and liabilities of the Company at the carrying value previously shown by the seller. The difference between the purchase price and the carrying value of the net assets acquired is shown as goodwill.

2. JUDGMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The main areas of uncertainty and estimation relate to the following:

- The valuation of the pension scheme liabilities requires assumptions to be selected, in particular the discount rate used. The Directors take advice from professional advisors in order to ensure that the assumptions selected are justifiable;
- The estimation of the financial effect of contractual issues is inherently uncertain. The Directors have provided for the financial effect based on their knowledge of the contractual position and, where appropriate, after taking legal advice;
- The assessment of the carrying value of investments in subsidiaries and goodwill requires the Directors to estimate the future profitability of the subsidiary or business concerned;
- The recoverability of deferred tax assets is dependent upon future taxable profits being available to offset against the deferred tax asset.

In all of the above areas the actual outcome could be different from the estimates and assumptions adopted by the Directors.

SOPRA STERIA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

3. TURNOVER

An analysis of turnover by class of business is as follows:

	2016 £000	2015 £000
Computing, consultancy and business processing outsourcing services	504,896	496,379
Sale of goods	19,332	17,525
	524,228	513,904

Analysis of turnover by country of destination:

	2016 £000	2015 £000
United Kingdom	511,235	502,580
Rest of Europe	12,480	10,944
Rest of the world	513	380
	524,228	513,904

4. OTHER OPERATING INCOME

	2016 £000	2015 £000
Other operating income	356	-
Income from sublets of surplus properties	-	1,068
	356	1,068

SOPRA STERIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

5. SHARE-BASED PAYMENTS

The Company's share-based payment plans are described in the paragraphs below and are awarded in Sopra Steria Group S.A. shares. Shares granted under these plans usually have a vesting period of 3 or 4 years.

Matching and Partnership Shares (SIP)

The SIP was introduced in August 2008 and reintroduced in 2016 following a suspension in 2014 due to Sopra Group S.A.'s successful offer for shares in Groupe Steria SCA. For the year ended 31 December 2016, the Company set a matching level of one matching share for every one partnership share purchased.

Leverage Scheme

The Leverage scheme offers all employees the opportunity to benefit from the growth in the Sopra Steria S.A. (previously Group Steria SCA) share price over a 5-year period. Shares are purchased up front at a discounted price. At the end of the 5-year period the employees receive the higher of a multiple of the average price increase over the non-discounted price or a fixed percentage interest rate per annum on their investment.

Free Performance Shares

Certain employees of the Company are offered free performance shares. The key features of the free performance share schemes are as follows:

- Participation is at the approval of Group General Management;
- All awards have performance conditions;
- In order to receive free performance shares, the participant must remain an employee or retiree of the Company for a minimum of three years.

The Company's share-based payment arrangements are entirely equity-settled and resulted in an expense in the year of £418 thousand (2015: £331 thousand).

6. EXCEPTIONAL ITEMS

	2016 £000	2015 £000
Restructuring Costs	1,252	3,678
Reversal of investment provision	-	(14,000)
	<u>1,252</u>	<u>(10,322)</u>

The restructuring costs in 2015 arose following the transfer of the business of Sopra Group Holding Limited and its subsidiaries to the Company. The 2016 restructuring costs arise from reorganisation and cost containment exercises.

The reversal of investment provision follows a revised valuation of a subsidiary undertaking at £75.9 million on a value in use basis, subsequent to increased turnover and profit of that subsidiary undertaking.

SOPRA STERIA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

7. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	2016	2015
	£000	£000
Depreciation of tangible fixed assets	1,935	2,339
Amortisation of intangible assets	509	444
Exchange differences	158	(71)
Share-based payments	418	331
Operating lease rentals:		
- Land and buildings	4,679	5,874
- Other operating leases	1,552	2,104

8. AUDITORS' REMUNERATION

The company paid the following amounts to its auditors in respect of the audit of the financial statements and for other services provided to the Company:

	2016	2015
	£000	£000
Fees for the audit of the Company	197	197

SOPRA STERIA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

9. EMPLOYEES

Staff costs, including Directors' remuneration, were as follows:

	2016	2015
	£000	£000
Wages and salaries	171,750	175,564
Social security costs	18,633	19,663
Pension costs (defined benefit)	1,535	1,582
Pension costs (defined contribution)	22,037	22,130
Share-based payments	418	331
	214,373	219,270

The average monthly number of employees, including the Directors, during the year was as follows:

	2016	2015
	No.	No.
Operations	3,127	3,213
Administration	457	474
	3,584	3,687

SOPRA STERIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

10. DIRECTORS' REMUNERATION

	2016 £000	2015 £000
Directors' emoluments	1,285	1,336
Company contributions to defined contribution pension schemes	46	42
	<u>1,331</u>	<u>1,378</u>

During the year retirement benefits were accruing to 2 Directors (2015: 1) in respect of defined contribution pension schemes.

The highest paid Director received remuneration of £715 thousand (2015: £748 thousand).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £42 thousand (2015: £42 thousand).

The total accrued pension entitlement of the highest paid Director at 31 December 2016 amounted to £18 thousand (2015: £18 thousand).

During the year, 2 Directors (including the highest paid Director) received shares under long-term incentive schemes (2015: 2). The highest paid Director did not exercise any share options during the year or the prior year.

The Directors of the Company are also directors of other Sopra Steria companies in the United Kingdom. The Directors received total remuneration for the year from these companies of £1,284,678 (2015: £1,335,505), all of which was paid by the Company. The Directors do not believe that it is practicable to apportion this amount between their services as Directors of the Company and their services as Directors of fellow subsidiary companies.

11. INCOME FROM INVESTMENTS

	2016 £000	2015 £000
Dividend received from Sopra Steria Recruitment Limited	4,500	3,700
	<u>4,500</u>	<u>3,700</u>

12. INTEREST RECEIVABLE

	2016 £000	2015 £000
Interest receivable from Group companies	6,661	6,040
Bank and other interest receivable	173	311
	<u>6,834</u>	<u>6,351</u>

SOPRA STERIA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

13. INTEREST PAYABLE AND SIMILAR CHARGES

	2016	2015
	£000	£000
Discount unwind on provisions	187	231
Loans from Group undertakings	4,050	3,622
Other Group interest payable	669	768
Other interest payable	3	13
	<u>4,909</u>	<u>4,634</u>

14. OTHER FINANCE COSTS

	2016	2015
	£000	£000
Interest income on pension scheme assets	39,891	37,808
Interest on defined benefit obligation	(43,967)	(44,915)
Net interest on pension fund liabilities	<u>(4,076)</u>	<u>(7,107)</u>

15. TAXATION

	2016	2015
	£000	£000
Corporation tax		
Current tax on profits for the year	4,768	1,661
Adjustments in respect of previous periods	496	180
Total current tax	<u>5,264</u>	<u>1,841</u>
Deferred tax		
Current Year	444	101
Adjustments in respect of previous periods	(661)	83
Total deferred tax	<u>(217)</u>	<u>184</u>
TAXATION ON PROFIT ON ORDINARY ACTIVITIES	<u>5,047</u>	<u>2,025</u>

SOPRA STERIA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

15. TAXATION (CONTINUED)

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is lower than (2015: *lower than*) the standard rate of corporation tax in the UK of 20% (2015: 20.25%). The differences are explained below:

	2016 £000	2015 £000
Profit on ordinary activities before tax	32,787	27,754
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015: 20.25%)	6,557	5,620
Effects of:		
Expenses not deductible for tax purposes	127	251
Adjustments to tax charge in respect of prior periods	(165)	263
Non-taxable dividend income	(900)	(749)
Non-taxable write-back of investment provision	-	(2,835)
Share-based payments	82	67
Non-taxable interest unwind	-	(382)
Tax relief on shares transferred to SIP	(260)	-
Rate difference regarding deferred tax	(394)	(210)
TOTAL TAX CHARGE FOR THE YEAR	5,047	2,025

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

The Finance Acts 2015 and 2016 provide that the main rate of corporation tax will fall to 19% with effect from 1 April 2017 and to 17% with effect from 1 April 2020. As this legislation had been substantively enacted at the end of the reporting period, the impact of these tax rate reductions on the deferred tax balances carried forward has been included in these accounts.

SOPRA STERIA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

16. GOODWILL

	2016 £000
COST	
At 1 January 2016	58,532
At 31 December 2016	58,532
AMORTISATION	
At 1 January 2016	8,587
At 31 December 2016	8,587
NET BOOK VALUE	
At 31 December 2016	49,945
<i>At 31 December 2015</i>	49,945

SOPRA STERIA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

17. INTANGIBLE ASSETS

	Software licenses £000	Other intangible assets £000	Internally developed software £000	Total £000
COST				
At 1 January 2016	19,647	16	1,362	21,025
Additions	2	-	-	2
Disposals	(3,039)	-	-	(3,039)
At 31 December 2016	16,610	16	1,362	17,988
AMORTISATION				
At 1 January 2016	19,197	6	437	19,640
Charge for the year	168	1	340	509
On disposals	(3,042)	-	-	(3,042)
At 31 December 2016	16,323	7	777	17,107
NET BOOK VALUE				
At 31 December 2016	287	9	585	881
At 31 December 2015	450	10	925	1,385

SOPRA STERIA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

18. TANGIBLE FIXED ASSETS

	Long-term leasehold property £000	Short-term leasehold property £000	Plant and machinery £000	Total £000
COST				
At 1 January 2016	1,780	4,236	41,297	47,313
Additions	-	-	526	526
Disposals	-	-	(11,928)	(11,928)
At 31 December 2016	1,780	4,236	29,895	35,911
DEPRECIATION				
At 1 January 2016	12	4,236	35,872	40,120
Charge for the period on owned assets	-	-	1,886	1,886
Charge for the period on financed assets	49	-	-	49
Disposals	-	-	(11,918)	(11,918)
At 31 December 2016	61	4,236	25,840	30,137
NET BOOK VALUE				
At 31 December 2016	1,719	-	4,055	5,774
At 31 December 2015	1,768	-	5,425	7,193

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2016 £000	2015 £000
Long leasehold	1,719	1,767
	1,719	1,767

SOPRA STERIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

19. FIXED ASSET INVESTMENTS

	Investments in subsidiary companies £000
COST	
At 1 January 2016	119,974
At 31 December 2016	119,974
NET BOOK VALUE	
At 31 December 2016	119,974
At 31 December 2015	119,974

DIRECT SUBSIDIARY UNDERTAKINGS

The following are subsidiary undertakings of the Company:

Name	Class of shares	Holding	Principal activity
Sopra Steria Recruitment Limited	Ordinary	100 %	Staff recruitment
NHS Shared Business Services Limited	Ordinary	50 %	Business process outsourcing
Shared Services Connected Ltd	Ordinary	75 %	Business process outsourcing
Sopra Group Holding Ltd	Ordinary	100 %	Holding company
NHS Shared Employee Services Limited	Ordinary	51 %	Dormant
Steria BSP Limited	Ordinary	100 %	Dormant
Steria (Retirement Plan) Trustees Limited	Ordinary	100 %	Corporate trustee
Steria (Pension Plan) Trustees Limited	Ordinary	100 %	Corporate trustee
Steria (Management Plan) Trustees Limited	Ordinary	100 %	Corporate trustee
Steria Electricity Supply Pension Trustees Limited	Ordinary	100 %	Corporate trustee
Steria (Pooled Investments) Trustees Limited	Ordinary	100 %	Corporate trustee

SOPRA STERIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

19. FIXED ASSET INVESTMENTS (CONTINUED)

INDIRECT SUBSIDIARY UNDERTAKINGS

The following are indirect subsidiary undertakings of the Company:

Name	Class of shares	Holding	Principal activity
Sopra Group Limited	Ordinary	100 %	Non-trading

REGISTERED OFFICES

Name	Registered office
Sopra Group Holding Ltd	30 Old Broad Street, London, EC2N 1HT

The registered office address of all other direct subsidiary undertakings is Three Cherry Trees Lane, Hemel Hempstead, Hertfordshire, HP2 7AH.

20. INVENTORIES

	2016 £000	2015 £000
Work in progress	695	1,009
	<u>695</u>	<u>1,009</u>

The amount of work recognised as an expense in the year was £314 thousand (2015: £414 thousand).

21. DEBTORS

	2016 £000	2015 £000
DUE AFTER MORE THAN ONE YEAR		
Amounts owed by Group undertakings	98,905	185,855
Deferred tax asset	45,182	23,275
	<u>144,087</u>	<u>209,130</u>
DUE WITHIN ONE YEAR		
Trade debtors	34,479	35,734
Amounts owed by Group undertakings	199,457	81,495
Other debtors	939	1,551
Prepayments and accrued income	46,218	42,403
Tax recoverable	-	1,459
	<u>425,180</u>	<u>371,772</u>

SOPRA STERIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

21. DEBTORS (CONTINUED)

The Amounts owed by Group undertakings due after one year include the following:

£Nil (2015: £96.1 million) bearing interest at 0.6% below LIBOR, due for repayment in December 2017;
£30 million (2015: £30 million) bearing interest at rates between 5% and 7% above the Bank of England base rate, available until 30 September 2020;
£60.9 million (2015: £59.8 million) bearing interest at 1.5% above the Bank of England base rate, repayable in December 2018.
£8.0 million (2015: £Nil) bearing interest at 1.5% above the Bank of England base rate, repayable in December 2021.

22. CASH AND CASH EQUIVALENTS

	2016 £000	2015 £000
Cash at bank and in hand	60,754	71,280
	<u>60,754</u>	<u>71,280</u>

23. CREDITORS: Amounts falling due within one year

	2016 £000	2015 £000
Trade creditors	5,503	4,110
Amounts owed to Group undertakings	87,080	88,390
Corporation tax	1,341	-
Other taxation and social security	19,435	19,829
Other creditors	11,687	7,995
Accruals and deferred income	51,622	55,872
	<u>176,668</u>	<u>176,196</u>

Of the Amounts owed to Group companies, £42.8 million (2015: £42.2 million) incurs interest at 1.5% above the Bank of England base rate. The remainder is interest-free.

SOPRA STERIA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

24. CREDITORS: Amounts falling due after more than one year

	2016 £000	2015 £000
Amounts owed to Group undertakings	60,712	60,712
	60,712	60,712

Loan details

£60 million (2015: £60 million) of the Amount owed to Group undertakings is interest bearing at a rate of 5% above the Bank of England base rate and is repayable on 31 October 2020.

25. FINANCIAL INSTRUMENTS

	2016 £000	2015 £000
FINANCIAL ASSETS		
Financial assets measured at fair value through profit or loss	60,754	71,280
Financial assets that are debt instruments measured at amortised cost	333,787	304,659
	394,541	375,939

FINANCIAL LIABILITIES

Financial liabilities measured at amortised cost	(203,641)	(201,927)
	(203,641)	(201,927)

Financial assets measured at amortised cost comprise Amounts owed by Group undertakings, Trade debtors, Other debtors and Accrued interest receivable.

Financial Liabilities measured at amortised cost comprise Amounts owed to Group undertakings, Trade creditors, Other creditors and Accruals.

Financial assets measured at fair value through profit or loss comprise cash at bank and in hand.

SOPRA STERIA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

26. DEFERRED TAXATION

The deferred tax asset is made up as follows:

	Accelerated capital allowances £000	Short-term timing differences £000	Imputed interest £000	Pension deficit £000	Total £000
At 1 January 2015	1,675	966	-	39,479	42,120
Charged / (credited) to the income statement	(129)	228	-	(1,742)	(1,643)
Charged to other comprehensive income	-	-	-	(14,825)	(14,825)
Reclassified to current tax	-	-	-	1,742	1,742
Transferred from Sopra Group Ltd	43	81	-	-	124
Effect of change in tax rate:					
- income statement	(171)	(112)	-	-	(283)
- other comprehensive income	-	-	-	(3,948)	(3,948)
Other adjustments	-	24	-	(36)	(12)
At 31 December 2015	<u>1,418</u>	<u>1,187</u>	<u>-</u>	<u>20,670</u>	<u>23,275</u>
At 1 January 2016	1,418	1,187	-	20,670	23,275
Charged / (credited) to the income statement	(79)	114	327	(2,077)	(1,716)
Charged to other comprehensive income	-	-	-	22,840	22,840
Reclassified to current tax	-	-	-	2,077	2,077
Effect of change in tax rate:					
- income statement	(79)	(65)	-	-	(144)
- other comprehensive income	-	-	-	(1,149)	(1,149)
Other adjustments	(1)	(2)	-	1	(2)
At 31 December 2016	<u>1,259</u>	<u>1,234</u>	<u>327</u>	<u>42,362</u>	<u>45,182</u>

A potential deferred tax asset of £340 thousand (2015: £79 thousand) exists in relation to trading losses carried forward. However, this has not been recognised as there is currently insufficient evidence that this asset is more likely than not to be recovered.

SOPRA STERIA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

27. PROVISIONS

	Dilapidation provision £000	Vacant property provision £000	Other provision £000	Total £000
At 1 January 2016	5,749	290	14,844	20,883
Additions	-	225	12,251	12,476
Reversals	(307)	-	(9,483)	(9,790)
Interest unwind for discount	167	9	11	187
Utilised in year	(70)	(147)	(2,193)	(2,410)
AT 31 DECEMBER 2016	5,539	377	15,430	21,346

(a) Provision for dilapidation covers the anticipated costs of leaving leased premises in a fit state on expiration of the lease, or demolition costs at the end of a building's useful life. The amount of the provision represents the Directors' best estimate of the costs which will be incurred. The Directors anticipate this provision will be used over the period until 2055.

(b) Provision for vacant properties covers the anticipated costs of rent and rates in respect of unoccupied properties and includes amounts in respect of properties which the Company has vacated. The amount of the provision represents the Directors' best estimate of the costs which will be incurred whilst the properties remain vacant, together with the expected amount of incentives to be offered to the prospective lessees and is expected to be used by 2018.

(c) Other provisions includes £0.4 million for Permanent Healthcare Insurance (PHI) for employees, £1.9 million relating to other employee issues including reorganisation costs and potential staff costs following recent legislation and £13.1 million for various other contractual issues. The PHI provision is expected to be used by 2031 and the employee and other contractual issues within the next 3 years, although there is much uncertainty relating to the timing and amount of these outflows. The amount of the provision represents the Directors' best estimate of the costs which will be incurred to settle the obligations.

28. SHARE CAPITAL

	2016 £000	2015 £000
Shares classified as equity		
Authorised		
100,000,000 Ordinary shares of £1 each	100,000	100,000
Allotted, called up and fully paid		
63,052,937 Ordinary shares of £1 each	63,053	63,053

SOPRA STERIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

29. CONTINGENT LIABILITIES

Letters of credit and performance bonds of £2.8 million (2015: £2.6 million) have been issued to ensure that customers can recover monies in the event that required levels of performance or obligations are not met.

The Company has given a guarantee in respect of the pension liabilities of a fellow subsidiary. The guarantee is for a maximum amount of £406,000.

As at 31 December 2016, the Company has provided Letters of Support for fellow subsidiaries. The Directors do not anticipate the Letters of Support will have an adverse impact on the future operating costs of the Company.

The Company has entered into guarantees and cross guarantees with Sopra Steria Group S.A. and certain of its subsidiaries in respect of financial obligations arising from the provision of certain banking services to the Company.

As described in note 19, the Company owns 75% of the shares in Shared Services Connected Ltd. The remaining 25% is owned by the Solicitor for the Affairs of Her Majesty's Treasury, which has a put option under which it can sell its shares to the Company between 1 January 2022 and 1 January 2024, at a price to be determined, based on the fair market value and profitability of Shared Services Connected Ltd during its previous financial year. The price at which the option could be exercised is currently uncertain.

30. CAPITAL COMMITMENTS

The Company has capital commitments of £573 thousand for plant, machinery and equipment at the end of December 2016 (2015: £501 thousand).

SOPRA STERIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

31. PENSION COMMITMENTS

Defined Contribution Plan

The Company makes contributions to a defined contribution pension scheme, the Sopra Steria Group Personal Pension Plan, which is open to all employees who are not active members of the Steria Pension Plan or Steria Services Schemes.

As at 31 December 2016 the amount outstanding in respect of the Company's contribution to the Group's defined contribution schemes was £2,019,829 (2015: £1,799,192). Contributions made in respect of the year ended 31 December 2016 were £22,037,139 (2015: £22,173,588).

Defined Benefit Plan

The Company operates a number of Defined Benefit Pension Schemes.

The Company has retirement plans in four defined benefit pension schemes: The Steria Retirement Plan, The Steria Management Plan, The Steria Electricity Supply Pension Scheme (together the Steria Services Schemes) and The Steria Pension Plan. These are approved, funded pension schemes. The assets of the plans are held separately from those of the Company in trustee-administered funds. The pension costs of the plans are charged to the Statement of Comprehensive Income of the Company as described in note 1.18. These costs are determined by qualified actuaries on the basis of formal actuarial valuations using the projected unit method. With the exception of The Steria Retirement Plan, the plans are closed to new members and to future accrual.

Reconciliation of present value of plan liabilities:

	2016 £000	2015 £000
At the beginning of the year	(1,152,980)	(1,217,684)
Current service cost	(1,535)	(1,582)
Interest cost	(43,967)	(44,916)
Actuarial (losses) / gains	(310,220)	75,300
Benefits paid	43,108	35,902
At the end of the year	(1,465,594)	(1,152,980)

SOPRA STERIA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

31. PENSION COMMITMENTS (CONTINUED)

Reconciliation of present value of plan assets:

	2016 £000	2015 £000
At the beginning of the year	1,038,143	1,020,291
Interest income	39,891	37,808
Actuarial gains / (losses)	163,650	(2,617)
Contributions	17,828	18,563
Benefits paid	(43,108)	(35,902)
At the end of the year	1,216,404	1,038,143

Composition of plan assets:

	2016 £000	2015 £000
Equities	389,783	342,077
Bonds	577,988	556,279
Property	118,547	115,997
Other	130,086	23,790
Total plan assets	1,216,404	1,038,143

	2016 £000	2015 £000
Fair value of plan assets	1,216,404	1,038,143
Present value of plan liabilities	(1,465,594)	(1,152,980)
Net pension scheme liability	(249,190)	(114,837)

The amounts recognised in profit or loss are as follows:

	2016 £000	2015 £000
Current service cost	(1,535)	(1,582)
Interest on obligation	(43,967)	(44,915)
Expected return on scheme assets	39,891	37,808
Total	(5,611)	(8,689)

SOPRA STERIA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

31. PENSION COMMITMENTS (CONTINUED)

Actual return on scheme assets	209,504	40,203
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The cumulative amount of actuarial losses recognised in the Statement of Comprehensive Income was £306,620 thousand (2015: £160,050 thousand).

The Company expects to contribute £20.6 million to its Defined Benefit Pension Schemes in 2017.

	2016 £000	2015 £000
ANALYSIS OF ACTUARIAL LOSS / (GAIN) RECOGNISED IN OTHER COMPREHENSIVE INCOME		
Actual return less interest income included in net interest income	169,613	2,395
Administrative expenses paid from plan assets	(5,963)	(5,012)
Experience gains and losses arising on the scheme liabilities	12,933	26,845
Changes in assumptions underlying the present value of the scheme liabilities	(323,153)	48,455
	(146,570)	72,683

The principal assumptions used by the actuary were:

	2016	2015
Discount rate	2.68 %	3.87 %
CPI inflation assumption	2.19 %	2.01 %
RPI inflation assumption	3.19 %	3.01 %
Other assumptions		
Future salary increases	3.19 %	3.01 %
Member life expectancy at age 65 (male retiring today)	22.5 - 23.4 years	23.0 years
Member life expectancy at age 65 (female retiring today)	24.3 - 25.5 years	23.5 years
Member life expectancy at age 65 (male aged 45 retiring in 20 years)	23.8 - 24.7 years	24.4 years
Member life expectancy at age 65 (female aged 45 retiring in 20 years)	25.8 - 27.0 years	25.1 years

The mortality assumption is based on the S2P generational base tables (2015: S1P tables) with scaling of 92 - 96% for males (2015: 89%) and 85 - 95% for females (2015: 110%). Future improvements to life expectancy are based on the CMI 2015 projection model (2015: CMI 2013 model) with a 1% long-term improvement rate (2015: 1%).

The estimated weighted average duration of the defined benefit obligation is 19.7 years (2015: 20 years).

SOPRA STERIA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

31. PENSION COMMITMENTS (CONTINUED)

Sensitivity analysis

The assumptions used by the actuary are best estimates chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice. The below tables show how the defined benefit obligation would be affected by reasonably likely changes in the assumptions, ignoring the relationship between variables.

	0.25% increase £000	0.25% decrease £000
Discount rate		
Effect on defined benefit obligation: (Reduction) / increase	(69,449)	74,340
Inflation rate		
Effect on defined benefit obligation: Increase / (reduction)	<u>63,833</u>	<u>(51,680)</u>

32. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2016 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2016 £000	2015 £000
Land and buildings		
Not later than 1 year	3,302	3,080
Later than 1 year and not later than 5 years	8,397	10,141
Later than 5 years	18,356	19,404
Total	<u>30,055</u>	<u>32,625</u>
Other Leases		
Not Later than 1 year	978	1,227
Later than 1 year and not later than 5 years	1,015	674
Total	<u>1,993</u>	<u>1,901</u>

SOPRA STERIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

33. RELATED PARTY TRANSACTIONS

During the year the Company entered into transactions, in the ordinary course of business, with other related parties. Transactions entered into, and trading balances outstanding as at 31 December 2016 are detailed below. The Company also provides the payroll services to NHS Shared Business Services Limited and Shared Services Connected Ltd.

	Interest income £000	Sales to Related Party £000	Purchases from Related Party £000	Amount Owing by Related Party £000	Amount owing to Related Party £000
Shared Services Connected Ltd	2,085	92,753	166	53,907	69
NHS Shared Business Services Limited	-	18,273	1,384	1,700	115
	<u>2,085</u>	<u>111,026</u>	<u>1,550</u>	<u>55,607</u>	<u>184</u>

In the year ended 31 December 2015 related party transactions were as listed below:

	Interest income £000	Sales to Related Party £000	Purchases from Related Party £000	Amount Owing by Related Party £000	Amount owing to Related Party £000
Shared Services Connected Ltd	1,600	80,146	979	50,796	488
NHS Shared Business Services Limited	-	17,807	1,831	2,070	170
	<u>1,600</u>	<u>97,953</u>	<u>2,810</u>	<u>52,866</u>	<u>658</u>

Sopra Steria Limited owns 50% of the shares in NHS Shared Business Services Limited.
Sopra Steria Limited owns 75% of the shares in Shared Services Connected Ltd.

SOPRA STERIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

34. CONTROLLING PARTY

The Company's immediate holding company is Sopra Steria Services Limited, a company registered in England and Wales.

The Company's ultimate holding company at the end of the reporting period is Sopra Steria Group S.A., a company registered in France. Sopra Steria Group S.A. has included the Company and its immediate holding company in its group accounts, copies of which may be obtained from Sopra Steria Group S.A., PAE les Glaisins, 74940 Annecy-le-Vieux, France. They are also available on the Sopra Steria Group website at www.soprasteria.com.

The smallest and largest group in which the results of the Company are consolidated is Sopra Steria Group S.A., a company incorporated in France. In these accounts "Group" refers to the group of companies of which Sopra Steria Group S.A. is the ultimate holding company.