

Registered number: 04077975

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## **SOPRA STERIA LIMITED**

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### **ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2022**

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SOPRA STERIA LIMITED

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**SOPRA STERIA LIMITED**

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**COMPANY INFORMATION**

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Sopra Steria Limited is a private company limited by shares, registered in England and Wales.

**DIRECTORS**

Ms K M Clark-Bracco  
M P-Y Commanay  
Ms M Greene  
Mr J J Moran  
Mr J N M Neilson

**COMPANY SECRETARY**

Mr G M Brooks-Usher

**REGISTERED NUMBER**

04077975

**REGISTERED OFFICE**

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**INDEPENDENT AUDITOR**

Mazars LLP  
Chartered Accountants and Statutory Auditor  
2 Chamberlain Square  
Birmingham  
B3 3AX

**BANKERS**

Societe Generale  
One Bank Street  
Canary Wharf  
London  
E14 4SG

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## **SOPRA STERIA LIMITED**

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### **STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022**

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#### **INTRODUCTION**

The Directors are pleased to present their Strategic Report for the year ended 31 December 2022.

#### **PRINCIPAL ACTIVITY AND MISSION**

##### **Driving digital transformation**

We're recognised for consulting, digital services, and business process services.

Today's geopolitical and economic uncertainty, coming on top of the post-pandemic environment, presents significant business challenges for clients of Sopra Steria Limited (the Company) who face high cost inflation, difficult labour markets, novel working patterns, and shortages and disruptions in their supply chains.

Ever-advancing digital technologies offer huge promise across all these areas: to increase productivity, fuel growth, lower costs, and increase resilience. Digitising a business also generates a vast new data resource, which lends itself to analysis tools to drive richer decisions and potentially new competitive revenue streams.

We (Sopra Steria Limited) are a strategic supplier of digital services. By combining our technical and business know-how, we help clients navigate this complex and changeable landscape to develop solutions tailored to address their specific immediate and longer-term needs and transform them into the digitally-powered world. Importantly, we do this with people, ethics, and society in mind, making sure that what's delivered is experientially better, environmentally sustainable, and brings social value beyond the financial into our local communities.

Our vision is: 'The world is how we shape it and we're shaping it for the better - harnessing the power of innovation to drive positive change in business and society.' Known for our collaborative approach, we create innovative solutions, at scale, to deliver sustainable growth and services that make life better. Our work touches many lives in the UK: From helping the Government provide essential public and health services that offer more convenience and choice, to improving financial services to deliver fairer, customer-centric solutions.

Helping clients to seize the power of digital to transform their operations, we break down their strategic and business challenges into practical initiatives that we deliver to provide tangible and sustainable benefits. We can do this thanks to our comprehensive service portfolio – spanning consulting and systems integration, development of industry- and technology-specific solutions, infrastructure management, applications management, cyber-security, and business process services.

Providing end-to-end solutions to enable companies and organisations to be more competitive, we combine in-depth knowledge of a wide range of industries, business sectors and innovative technologies with a fully collaborative approach.

United behind seven brands, each with its own unique personality while all sharing a common set of values, we are all stronger together as part of the Sopra Steria UK family. These brands include a number of jointly owned businesses created to serve and grow distinct markets.

Our consultants approach business processes with a fresh eye, re-designing them to give customers a superior service experience. Digital ethics are central to our solution design. So too is cyber-security, protecting our clients' people and assets. Our analysts unlock value from data patterns through Artificial Intelligence (AI), while costs can be lowered by using the Cloud. For many clients, we're responsible for running and administering their critical business services, including pensions, finance and accounting, legal and identity documents, HR and procurement. We pioneer original approaches in methodologies, service design and advanced automation, such as robotic processing, virtual reality, digital twinning and operations management, to radically improve quality and cost of outcomes and importantly, to free up our clients to focus on their strategic challenges.

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## SOPRA STERIA LIMITED

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### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

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#### People-centric

Our business is, first and foremost, about people. Our services only matter if they work for people and, for us, if they serve a greater purpose too. Being a people-centric business is recognised by Great Place to Work's® (GPTW) UK Best Workplaces™ 2022 rankings. Based on a rigorous assessment process, including a survey of our employees across the UK and a cultural audit submission, the results highlight employee wellbeing and recognition among the organisation's key strengths. We're also proud to be ranked by GPTW UK in its Best Workplaces for Wellbeing; Best Workplaces for Women; and Best Workplaces in Tech 2022 listings.

Our people feel proud to be part of a business whose services and solutions are crucial to the running and wellbeing of the UK. In turn, we're proud to support our people to reach their full potential. Our comprehensive people development practices help our employees perform, innovate, and grow. In 2022, we doubled the number of our talent development programmes available for our people. Our Learning Hub brings online learning and development resources together in one place, with 5,000-plus courses available to our colleagues. Access to continual learning, both virtual and in-person, helps them stay on top of digital change and to create pragmatic, innovative solutions with our clients.

At Sopra Steria Limited, employee wellbeing takes centre stage and is part of our 'people first' philosophy. Understanding the complex and diverse needs of our people means our wellbeing approach is holistic, covering mental, emotional, physical, and financial health. This includes equipping our managers with training and support so they can spot when team members may need extra help. Our range of wellbeing tools includes programmes on mindfulness, nutrition, and resilience, as well as on-demand fitness and wellbeing classes, and onsite health assessments. Trained Mental Health First Aiders provide a first point of contact for employees to talk to about anything affecting their mental wellbeing. Our Employee Assistance Programme gives employees access to free, professional, impartial information, support and counselling in total confidence. We also hosted seven financial webinars in 2022 and monthly 'Helping to secure your financial future' drop-in sessions as part of supporting our colleagues with their financial wellbeing.

#### Shaping our world for the better

Putting people first. Making things better. Being good citizens. Doing the right thing. Taking pride in it. It's what it means to be living Sopra Steria. Underpinning our 'Living' philosophy are our values: Respect, Excellence, Empathy, and Community. Part of our DNA, these values bind the Sopra Steria family together in our vision to shape our world for the better, for the customers, communities, and societies we serve.

Woven into the fabric of our organisation, social value is integral to our strategy and business operations and we want to deliver positive change in business and society through every aspect of what we do. For us, social value is a combination of individual wellbeing, and societal and environmental sustainability.

Our approach and style are highly collaborative and we are committed to making digital technology work for our clients in order to build a positive future for all.

The world is how we shape it and we're shaping it for the better.

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## SOPRA STERIA LIMITED

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### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

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#### BUSINESS REVIEW

##### Performing in challenging times

In 2022, the world became considerably less secure, with Russia's war in Ukraine threatening world order. It has created widespread shortages, caused an energy crisis and surging inflation – at a time when economies are struggling to recover from the pandemic, not forgetting the existential threat of climate change. This volatile backdrop adds to significant operational challenges faced by UK enterprises and the public sector.

Digitisation is a key means to tackle the challenges faced by our clients, helping the Company achieve strong performance during these turbulent times. We have delivered on all key performance measures set at the beginning of the year. We have seen especially positive growth in our Defence business.

Our solid performance can be attributed to the strategy we set some years ago. This included an emphasis on building new platforms tailored to specific client ecosystems, such as healthcare providers and transport operators, to deliver end user services such as NHS services, Visas, Accreditation and Learning Schemes. The advantage is that, after the initial capital outlay, once built, proved, and operational, the platform can quickly flex up or down to meet required volumes. The approach has proven successful with the existing back-office shared service tailored platforms we have built - and on which we are running services - for the NHS, Government, and Police, through Shared Services Connected Ltd (SSCL) and NHS Shared Business Services (NHS SBS).

2022 successes include being awarded a contract with the Ministry of Defence (MOD)'s Strategic Command Defence Digital Organisation to deliver a secure mission-critical messaging capability. The ability to exchange communications with a high degree of assurance and levels of availability is key to the success of military operations. We also continued to be a strategic partner for the Scottish Government Digital Transformation Service (DTS). This includes helping the Scottish Government to improve access to public services by providing safe and easy ways for citizens to prove their identity.

With more than 2,700 employees in the UK at the end of the year, we generated revenue of £443.6m in 2022. This represented organic growth of 10.6%. Execution of our strategy, including client focus, strategic offers, platforms, and people, led to 10.6% growth in revenue from 2021. Profit before tax for the year was £72.8 million, (2021: £33 million). Profit before tax includes costs of £0.4 million (2021: £2.4 million) incurred as a result of ongoing restructuring. The Company generated an operating profit of £37.6 million before restructuring costs, exceptional pension credits and share-based payments in 2022 (2021: £25.1 million).

In the second half of 2022, a change took place for one section of the defined benefit pension plans with respect to the index that serves as a reference for calculating increases in the future pensions of participants. The Consumer Prices Index including owner occupiers' housing costs (CPIH), the official measure of inflation used by the UK government, will replace the Retail Price Index (RPI) starting in May 2023. This plan amendment had the effect of reducing the amount of the obligation, and its £15.8 million impact was recognised within Exceptional pension past service credit in the Statement of Comprehensive Income (see note 6).

As a result of impressive profitability and converting the pension deficit to a £36.4 million surplus (2021: £35.8 million deficit), there has been significant strengthening of the balance sheet, with net assets of £344.1 million (2021: £274.2 million) despite the payment of a £20 million dividend (2021: £nil) and cash and cash equivalents of £75.5 million (2021: £62.8 million).

##### SITS market outlook

Despite significant macro-environmental uncertainties, the UK Software and IT Services (SITS) market proved resilient and sustained a period of healthy growth. Analysts at TechMarketView estimate an increase of 10.2% in 2022. These figures are, however, buoyed by rising inflation. In real terms, TechMarketView predicts UK SITS demand will be limited to a still healthy 5.6% increase. The overall pattern shows enterprises prioritising and increasing investment in technology to accelerate the pace of digital transformation. The push to radically reimagine the experiences of, and engagement with, customers, suppliers and employees was underpinned by significant additional investment in digital technologies.

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**SOPRA STERIA LIMITED**

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**STRATEGIC REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

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The pace of Public Sector SITS growth has slowed to an estimated 6.2% in 2022 as the demands of the pandemic and Brexit-related responses eased. However, TechMarketView expects that the need for greater efficiency and resilience, combined with faith in the power of digital to help address public sector challenges, will mean spend on SITS will remain positive in its forecast window (to 2025). In the private sector, the Financial Services SITS market continues to experience strong growth, with demand set to improve 11.1% to £16.3 billion. The markets with the slowest rate of growth were Energy & Utilities, which is lagging in digital adoption; and Travel & Transportation, a sector that is susceptible to weakening customer confidence.

The Company is benefitting from the positive demand across the entire economy as digital becomes more and more embedded in our everyday lives. One caution is the lack of digital skills in the UK which could dampen growth.

**Digital technology**

Despite the global market turmoil, every business needs to embrace digital technology to combat their own uncertainties and challenges in their markets, consider their future target operating model, and become more resilient to global change. The phenomenon of digitalisation has now spread well beyond the economic sphere, affecting all human activity. Digital is integral to business, to how public services are delivered, and is an increasing part of everyday life – home, education, travel, shopping, banking, entertainment, and health.

Automation will play a key role in addressing the labour shortages faced by many sectors and provides more capacity to the labour market. AI and Intelligent Automation can release employees from repetitive activities that do little to motivate the workforce, slow down the release of business value, and contribute towards costly overheads – supporting the Government ambition to move the UK to a high skills economy and higher productivity.

Cloud adoption continues to accelerate as businesses invest in hybrid working, improved customer and employee experience, and cyber-security. The latter pushed ever-more into the spotlight with large-scale attacks. Today, cloud migration must be resilient and scalable, while including the ability to create new innovative services and embracing the notions of data sovereignty and sustainability.

As organisations seek to accelerate their digital transformation plans and use data to drive new business strategies, they will need digital ethics to build and maintain trust with users, employees, regulators, and other stakeholders. Digital ethics needs to be at the heart of design, evaluation, and decision processes to create “ethical by design” digital systems that are fit for purpose and meet the criteria for the responsible use of digital technology.

The unprecedented situation caused by the COVID-19 crisis raised awareness of the importance of digital technology at work, in social life, and as a tool for building and maintaining relationships with the isolated and the vulnerable. However, it also exacerbated inequalities affecting those least able to access digital technology. In the UK, the digital divide is compounded by the problem of levelling-up: the need to have a more balanced and fairer society. The Government is also bringing in new rules to restore the environment, combat climate change and inequalities as well as aiming to build a higher skilled economy. All these themes play into our philosophy of doing the right thing – approaching digital innovation in an ethical, purposeful, inclusive, and sustainable way to support our vision of shaping our world for the better; to drive positive change and make a lasting impact on business and society; to live our values in all our business decisions.

We are invested in our key client partnerships and take a fully collaborative approach. Whether it's delivery of essential public services or supporting the private sector, we work with our clients to face challenges together, solving complex business problems, and delivering at scale. In the following paragraphs we give more detail on our approach in our key business areas.

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**STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**Sector overview**

The Aerospace, Defence and Security (ADS) sector continued to deliver mission-critical services throughout 2022. We continued to build on our strong market position, securing key extensions with defence, defence industry and with Police Forces. Our strategy progressed positively, winning key strategic digital transformation deals with new clients, enabling us to expand our footprint across the Ministry of Defence (MOD). Other highlights include more than doubling our consulting team, expanding our social value credentials, and gaining ISO44001 certification (for collaborative business relationships). Our commitment to supporting the armed forces community and their families was recognised with a Gold Award in the 2022 Ministry of Defence Employer Recognition Scheme (ERS).

Our Government and Transport Sector's operations have focused on the digital transformation of citizen services. The sector has won a significant amount of new business aligned with our stated ambition to help the Government reimagine public services in the digital age. Transformative contracts include flagship deals with HM Passport Office, where we successfully supported a significant increase in passport applications following the pandemic as well as UK Visas and Immigration, where we help to make sure the UK economy has access to the vital skills it needs. Work here has also included facilitating the visa applications of 135,000 refugees from Afghanistan and Ukraine. Our teams did everything they could to help the refugees feel welcome and settled, from helping adults capture their biometrics, to singing songs and playing games with the children.

Transport is another growing area. To support this, we acquired Graffica Limited in August 2022 to bolster our simulation and digital twin capability (outlined in more detail in the Subsidiaries section on page 2).

Digital transformation continues to be a theme for devolved nations. In 2022, we saw the launch of a new Scottish Government Social Security Digital Portal, having supported the client in taking the portal from concept and user research, to design, development, testing and go-live. The portal enables those with disabilities and their carers to interact with their agency to apply for the support they need. Most importantly, it has been designed to make sure people are treated fairly, with dignity and respect.

The sector continued its work with several charities, including leading social mobility charity Villiers Park Educational Trust. This partnership involves helping young people from disadvantaged backgrounds with practical skills such as CV writing, financial support to help them in their studies, and sponsorship of up to 10 students per year through a bursary scheme as they progress through university and into employment.

While we have seen market conditions change, creating a volatile market, our Private Sector has seen new opportunities to engage and work differently with our clients. We've continued to make great progress in helping our clients, colleagues and communities thrive. As a result, we have seen continual growth quarter-on-quarter in 2022, across both revenue and orders.

In 2022, we have secured contract extensions with numerous large private sector clients, including new operating models, broadened our footprint across our key accounts, and won a number of new clients and frameworks.

Our strategy has progressed as planned with continued focus on the development of our two platform offers in enhanced debt management (EDM) and End-to-End Financial Services (E2E FS). Both saw key developments during 2022, with the EDM platform now live.

Our clients seek solutions that both transform and give a far better experience for their customers. They must balance the need for operational excellence against the need to protect and support growing numbers of vulnerable customers, resultant from the cost-of-living crisis. In 2023, we are developing further market offers with strong differentiation to support the sector in these goals.

Social value and the impact we are having on our clients, colleagues, and communities was a strategic focus in 2022 and will continue to be a priority and commitment across the sector in 2023.

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## SOPRA STERIA LIMITED

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### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

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#### REVIEW OF SUBSIDIARIES

Our Sopra Steria family in the UK comprises seven brands. Each has its own unique personality, but all share common core traits that demonstrate our strength as a family that is stronger together.

Our seven brands allow us to differentiate ourselves in an increasingly complex market and support our ability to deliver services that make a difference – services that make life better.

##### Shared Services Connected Ltd (SSCL)

SSCL provides critical business support services for some of the largest Government departments, the Metropolitan Police Service (MPS), Ministry of Defence (MOD) and the Construction Industry Training Board (CITB). It provides payroll services for over half a million public sector employees and pensions administration for over 2 million veterans and their families. SSCL delivers Advisory services, Finance & Accounting, Procurement, HR & Payroll, Pensions and large-scale Resourcing Services.

SSCL's purpose is to empower the UK public sector with digital solutions and innovative services to deliver better outcomes for UK citizens. It employs just under 3,000 people who are at the heart of SSCL's success with their unique customer insight, knowledge and expertise. By the end of 2022, SSCL had delivered savings for the public sector of around £500 million, providing more funds for front-line public services.

SSCL is a unique venture, jointly-owned by HM Cabinet Office and Sopra Steria Limited. Since 2013, it has brought together 25 different Government and Defence locations into six UK Centres of Excellence. SSCL is a platform for innovation in transforming back-office services for the public sector. It has enabled convergence of business support services for its clients including the Department for Work and Pensions (DWP), the Department for Environment, Food and Rural Affairs (Defra) and the Environment Agency (EA). In 2014, the Ministry of Justice (MOJ) and the Home Office signed contracts with SSCL increasing its footprint across central government. It has attracted new clients in adjacent markets, including MPS in 2015 (which represents over 30% of police in the UK), CITB in 2018, and the MOD, Defence Business Services (DBS) in 2020.

In 2022, SSCL had another successful year, underpinned by achieving revenues of £291.6 million in a challenging market, while increasing Net Promoter Score to +53.3 and Great Place to Work® (GPTW) index to 73%.

SSCL operates in a complex market environment as set out below but has continued to see growth across each of its sectors. Its focus on developing digital solutions and its ability to respond at pace to client requirements underline its partnership approach and successful engagement with senior client stakeholders. The business environment in 2022 was impacted by political volatility, inflation, the cost-of-living crisis, mortgage rate rises, war in Ukraine and legacy from the pandemic. In addition, there have been sustained constraints in 2022 on recruitment and bringing in the right resources due to low unemployment.

The focus for Government continues to be investment in IT and digital transformation to move to a high skills economy and deliver most public services digitally, giving a superior experience at a lower cost to the taxpayer and SSCL plays a key part in this. Social Value remains a priority under the Government's five themes – COVID recovery, tackling economic inequality, fighting climate change, equal opportunity, and wellbeing. Sustainability and climate change remain key Government priorities, with a drive towards achieving Net Zero by 2050 and SSCL is on track to achieve this by 2028. In 2022, SSCL developed joint social value programmes with the MOJ and the Home Office, supporting their social value priorities.

There have been significant senior stakeholder movements across Government following the political changes in 2022. The evolution of Government Business Services' (GBS) strategy and arrangement of clusters of combined departments in readiness for contract re-lets continues to be a strategic focus area for SSCL.

In January 2022, SSCL appointed Mr M Driver as the independent chair of the board. As well as bringing a wealth of senior public sector experience from MOJ, Department of Health and Social Care (DHSC), DWP and HM Treasury, he is also the President of the Chartered Institute of Public Finance and Accountancy.

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**SOPRA STERIA LIMITED**

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**STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**NHS Shared Business Services Limited (NHS SBS)**

NHS SBS, jointly owned by Sopra Steria Limited and the Department of Health and Social Care (DHSC), is the leading provider of corporate services to the NHS in England, providing services to more than 50% of NHS organisations.

New legislative measures introduced in the 2022 Health and Care Act have seen the biggest challenges and healthcare reforms for a generation, including the creation of 42 Integrated Care Systems (ICSs) that replace a network of Clinical Commissioning Groups (CCGs). In 2022, NHS SBS supported the NHS as it navigated these changes and in establishing the new ICSs, which have been tasked with ensuring joined-up and efficient care, improving the lives of people who live and work in their areas.

The support given by NHS SBS to provide back-office services, such as finance, procurement, and workforce services, will help the ICSs meet both their local objectives and align to national requirements. For example, in a first-of-its-kind partnership for consolidated corporate services across an ICS footprint, NHS SBS is providing an integrated finance and procurement service to five NHS trusts within Norfolk and Waveney ICS for the next decade. The partnership is anticipated to deliver an efficiency saving to the ICS of £7.3 million, equating to 26% of operational expenditure. NHS SBS has identified potential savings for the NHS of up to £400m if all ICSs integrated and consolidated their back-offices.

2022 also saw heavy investment by NHS SBS in accelerating digital transformation and expanding its capabilities, particularly in artificial intelligence (AI) and robotics. NHS SBS was awarded a major new contract of over £100 million to provide a next generation national finance service on behalf of NHS England (NHSE) until at least 2031. The agreement will see NHS SBS deliver a new Integrated Single Financial Environment (ISFE) - one of the country's most important infrastructure systems, processing almost every penny of NHS cash. The cloud-based service will be used to provide secure, consistent, best-practice finance processes nationwide.

NHS SBS's innovative, technology-led approach has not gone unrecognised. A double winner at the Global Sourcing Association (GSA) UK Awards 2022, NHS SBS was named Shared Services Centre of the Year for the support it provides to the NHS with new digital and data-led solutions. In addition, its innovative Workforce Analytics solution was awarded Technology-Enabled Project of the Year. Designed to help tackle one of the NHS's biggest challenges - staff retention - the solution uses data science techniques to predict which individual employees are at increased risk of leaving, enabling an NHS trust to take early preventative measures.

As a values-led organisation, NHS SBS understands that its employees are the foundations of its success. The organisation's ongoing commitment to the health and wellbeing of its employees helped it retain certification as a Great Place to Work®.

In financial terms, 2022 was also highly successful for NHS SBS, resulting in revenues of £101.2 million (2021: £90.5 million) and operating profit for the year of £12 million (2021: £11.9 million).

**Sopra Steria Financial Services Limited (SSFSL)**

SSFSL provides debt management and end-to-end financial services. The business received accreditation from the FCA in December 2021.

Its enhanced approach to debt management will enable banks, building societies and other financial organisations to deliver financial inclusion; improving access to digital banking services and helping better serve the needs of vulnerable customers.

SSFSL offers an end-to-end debt management platform, providing early intervention when it comes to debt collection, helping to make sure financial institutions deliver fairer, more customer-focused collection processes. Its revenue in 2022 was £683 thousand.

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**SOPRA STERIA LIMITED**

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**STRATEGIC REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

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**Graffica Limited (Graffica)**

Acquired by Sopra Steria Limited in August 2022 for £7.9 million, Graffica is the newest member of the Sopra Steria UK family and is a specialist provider of simulation products, software systems and consultancy services to the transport industry. Graffica specialises in providing software that allows clients to research, prototype and validate concepts in a virtual environment. This means clients can test changes and upgrades to their transportation networks, so they can be confident they have the right solution before implementation.

This acquisition supports our drive to continue to grow our business's transport sector to £100 million, having grown from scratch to a £30m business in just three years. Graffica is a well-respected brand in its sector, which complements our existing digital twin capabilities. With Graffica, we can continue to develop innovative operational systems that enhance the safety and efficiency of the UK's transport network and deliver services that make life better.

Highlights include securing a new framework deal with National Rail until October 2024. The team is working collaboratively with Sopra Steria Group S.A. colleagues to expand the Graffica capability into mainland Europe, with the potential to further the relationship with French state-owned public transport operator and maintainer, RATP, and France's national state-owned railway operating company, SNCF. Graffica's expertise is highly complementary to the wider work Sopra Steria in France delivers for EUROCONTROL, the European Organisation for the Safety of Air Navigation.

On 1 January 2023, the Company acquired all the trade, assets and liabilities of Graffica Limited.

**cxpartners Limited (cxpartners)**

Joining the Sopra Steria family in 2020, cxpartners is a user-centred design consultancy that transforms organisations, services and products by making them more customer-centric.

We believe that by creating value for customers, we can help organisations to become more successful, more sustainable, and better places to work. We do this by deeply understanding customers' problems, by working with stakeholders to prototype viable solutions, and by making sure those solutions are delivered with a relentless focus on the customer.

As Google's EMEA user experience partner, we have developed our customer-centricity model through work with a broad range of clients across retail, travel, financial services, healthcare, and the public sector, to help organisations benchmark their maturity.

cxpartners has continued to perform well, strengthening our expertise in consultancy and contributing £7.3 million of revenue with an operating loss of £0.2 million.

Highlights include incorporating all SSE's - one of the UK's biggest energy companies - low-carbon energy solutions into a single website, making renewable energy easier to access and understand for businesses and consumers. Our work with SSE has halved the time that it takes the business to deliver new experiences to market. These new experiences allow customers to complete tasks in half the number of steps. This has resulted in huge improvements in customer satisfaction, and has made massive internal cost savings for SSE - enabling it to invest in its ambitious vision to be a leading energy company in a net zero world.

**RESEARCH AND DEVELOPMENT**

It's vital that we invest in the ongoing research and development (R&D) of our market offerings to make the most of emerging technologies and therefore offer the most value for our clients. Take CeleScan - the business we jointly own with the Institute of Cancer Research, London and the Royal Marsden NHS Foundation Trust. CeleScan will aim to use leading-edge technology to reduce the time patients spend in MRI scanners and, ultimately, accelerate cancer diagnosis.

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## SOPRA STERIA LIMITED

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### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

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We've continued to invest significantly in digital technologies including automation, AI, robotic processing, and cloud. Other key areas include digital twins, underpinned by our acquisition of Graffica Limited (see page 8). Digital twin technology replicates real-world concepts in a virtual environment, so clients can be confident they have the right solution before implementation. We've also invested in data science, and the development of our enhanced debt management platform. Prompting early and proactive interventions that support vulnerable individuals who find themselves in debt, our new debt management platform uses advanced data and analytics to help financial institutions deliver fairer, more customer-focused collection processes.

As a progressive business focused on driving value from digital transformation, we continue to invest in R&D aligned to the future needs of our clients and the delivery of modern business process outsourcing (BPO) services. An example is investing in voice automation technology to help drive channel-shift in contact centres, that is encouraging customers to make more use of digital channels. Effective channel-shift using voice automation has the potential to boost efficiency while helping to improve the overall customer experience.

We're concentrating on the technology alliances that support and grow our UK strategy. By working collaboratively with key partners, we have been able to use our specialist business and digital expertise and capabilities to drive greater customer value through speeding up innovation that delivers positive impact. Supporting these efforts was the launch of our UK Technology Blueprint - 2022. This defines a core set of partners and technologies that our R&D will focus on.

Our clients benefit from Sopra Steria in the UK being part of a much bigger organisation in terms of investment and expertise. We have a reach back to Sopra Steria Group's investment in technologies, such as distributed ledger technology (blockchain), the Internet of Things (IoT) and 5G. For example, in 2022, Sopra Steria Group invested in digital sovereignty and trust technologies and infrastructure including: €180m in Cyber-security, €460m in Defence, €300m+ in Energy and Utilities, and €90m in Space technologies, including a number of acquisitions. With close inter-working across sectors and technologies organisationally, the UK business and our clients benefit from these large-scale investments.

Every day we develop pioneering solutions for client challenges, which reinforce our position as a European leader in digital transformation. Having embedded a 'Build to re-use, re-use to build' philosophy and culture across our business, our R&D rarely starts with a blank canvas. This approach means building assets and practices that can be re-purposed or built upon, and sharing these solutions across our group. By harnessing the collective experience, intelligence, and expertise across our global network we can provide new and innovative solutions for our clients at pace.

Celebrating this collective approach, 'Ready-to-share' is our global, virtual, biennial event, bringing people from across the Sopra Steria Group together to promote collaboration.

## PRINCIPAL RISKS AND UNCERTAINTIES

Sopra Steria categorises risks into four categories: strategic, operational, compliance and financial risk. An audit and risk committee structure has been voluntarily established to enhance our existing approach to corporate governance. This replaced the previous area risk committee. The audit committee is made up from a subset of ExCom (explained in the Statement of Corporate Governance Arrangements section on page 20) and meets quarterly. Its purpose is to assure key Company objectives are met (through commissioning audits) and UK-level risks are managed effectively. In support of this, there are a number of specific boards and committees to focus on specific risk areas that are set out below. A synopsis of current risks is provided below:

### Geo-political risk

Sadly, Russia's war with Ukraine continues, with no end in sight. Its negative impact has been global. In the UK specifically, we can attribute much of the current cost of living crisis to the war. The rapid rise in costs for energy, food, fertilizer, commodities, and other goods, has caused inflation to rocket. This leads to labour dissatisfaction and demands for pay rises. Industrial action has the potential to create a wage-price spiral that could continue to push up costs for business.

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The war's fall-out on business has been to raise their input costs significantly and suddenly, which is difficult to plan for and to mitigate, especially for those financially weakened during the pandemic. Against this backdrop, business failures are rising.

The effects of the war are being compounded by the earlier pandemic. The country has not recovered fully from COVID-19, which has increased backlogs, especially in our stretched health service; changed our working patterns; and has created a wide-spread labour shortage, with some 600,000 fewer people in the UK workforce, hampering business recovery and economic growth. Further, there are some businesses and sectors which have been impacted by the UK leaving the EU.

New COVID-19 variants created health problems around the world, most significantly in the global manufacturing hubs in the East. This caused challenges for just-in-time business models and led to delays in production of high-tech goods dependent on chips.

We also recognise wider geo-political tensions playing out both with China and Russia, including political concerns and potential for state-sponsored / state-condoned cyber-attack and espionage.

Sopra Steria Limited is not directly exposed to Russia's war as we have no operations in the region. We continue to monitor the situation, both in terms of the consequence on ourselves of inflation in the cost of energy and other goods, detailed below, and on our clients. It should also be noted that we have a strong Aerospace, Defence, and Security sector, which is supporting the UK's Defence and Security goals.

**Inflation Risk and Cost of Living**

Higher energy prices do have an impact, however, this has in large part been mitigated, both by reducing our property portfolio to better align to new working patterns which emerged during the pandemic, and by our energy purchasing strategy for the sites where we are directly charged for our energy usage and not through a managing agent of a property. We're part of a pool of organisations which hedges energy on the futures market. So far, this has enabled us to have purchased our energy below the wholesale market rate. Our agreement also gives us flexibility to adjust our property portfolio. Our purchasing team continues to monitor market changes closely.

In terms of the impact on our people, we recognise the cost of living crisis faced by our employees. Our people are at the heart of our success and their wellbeing is key for our future growth. We responded quickly to the challenging financial situation to help our people through this period, including a one-off discretionary payment to all employees. We also gave every employee a consolidated cost of living pay adjustment, resulting in a salary increase. Furthermore, the Sopra Steria Employee Trust - established in 1981 by a gift of shares from Dame Stephanie ("Steve") Shirley - exists for the benefit of our employees. This includes helping those who are suffering hardship or difficulty. We were pleased to see our employees objectively show even higher (year-on-year) satisfaction with our organisation in our 2022 Great Place to Work scores.

**People / Human resources risk**

In a services business where certain skills are rare and clients have ever-changing requirements, human resources risks are naturally important. Employee engagement, motivation and skills are key factors in our success and depend on our ability to attract and retain talent.

One of our biggest risks to growth is the current war for talent. This is a UK-wide problem across many sectors, with fewer people economically active and high job switching. The demand for digital transformation is driving up the need for highly qualified digital skills, which are already in short supply. The country faces a digital skills shortfall compounded by growing demand and rapidly evolving technologies. Demand to automate and digitise across every industry and the public sector is in part also driven by overall labour shortages. But it's also driven by the need for greater business resilience, and the opportunity to benefit from the added value that comes from data and AI.

Higher demand for digital services is a positive for our strategy, but skills shortages could dampen our pace of

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### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

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growth. To mitigate for these shortages, we continue to strengthen the factors which we think make us an attractive employer to our people - current and future. We believe this comes from having a strong social purpose, living our values, taking actions that contribute positively to our communities and our world. Doing things for good. Whether that's directly, through our digital and business process services for our clients and their customers, or indirectly, through our many social value activities including volunteering, working with the third sector, and progressing rapidly with our Net Zero commitments.

We've also helped our colleagues during the cost of living crisis through financial support directly into their bank accounts and through the creation of a Special Employee Fund to support those colleagues who need it most at this time, who would otherwise find themselves facing dire circumstances. The feedback we get from our people strongly points to our social purpose and culture being real motivators to work for - and stay with - Sopra Steria.

We recognise that diversity is key to a thriving business and that there is much more to be achieved for our business to be truly diverse. We have a clear strategy to meet our diversity and inclusion (D&I) ambitions, and a focus on growing D&I confidence, capability, and accountability across the business. Some of the ways that we're doing this are by investing in more roles to support D&I, training and educating our leaders in inclusive leadership and changing how we attract and recruit. Another is through our growing family of employee inclusion networks. Our commitment to D&I is covered in more detail on page 15.

We continue to use the Great Place to Work® survey to inform us on what we can do to become the employer of choice.

#### **Cyber-Risk**

We're mindful of the heightened threat of cyber-attack on our business, our clients and our people. From an internal perspective we mitigate through our technology, people, processes and physical security. This includes systems, applications and network architecture, access control, security auditing and vulnerability assessments. It also involves timely application of software updates and virus checkers, monitoring activities, compulsory cyber and data threat awareness training for all employees which is carried out on a frequent basis, alongside spot checks. Sopra Steria Limited is engaged with the UK's National Cyber Security Centre (NCSC) to make sure new threats are quickly assessed. We are certified to the NCSC's Cyber Essentials Plus scheme.

We also offer a range of cyber-security services to help protect our clients.

#### **Pensions Risk**

The value of the deficit (or surplus) in the defined benefit (DB) pension schemes increases or reduces year-on-year, in line with changes in actuarial assumptions and the market value of assets in the schemes. The main factors of volatility risk are fluctuations in discount rates and more generally the financial markets. The schemes' investment portfolios and hedging practices are designed to mitigate this risk as much as possible. 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 most recent triennial valuations were completed in 2022 and have shown an increased funding position on a technical provisions basis.

Specifically, since the year-end, Sopra Steria Limited's DB Pensions Schemes have come through the market turbulence, resultant from the September 2022 "fiscal event", maintaining collateral levels and preserving its hedging ratios. Although, in light of the bond market crisis, and new guidance from the Pensions Regulator (tPR) the Trustee is reviewing its investment strategy to make sure it remains appropriate in what is now a new Liability Driven Investment (LDI) environment. The result of the September event has been to increase funding levels.

#### **Contract management**

It is critical for the ongoing growth of our business to meet client obligations and deliver consistent quality. Our customers' requirements are becoming increasingly demanding and complex; therefore, the active management of key risks is central to our ongoing success. It's not just about meeting the "here and now" customer requirements, it's also about being highly collaborative and partnership-orientated with our customers for the

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longer term. The focus therefore goes beyond meeting near-term KPIs and onto building sustainable, long-term relationships to make sure we become a partner of choice, instilling trust.

The most complex aspects of our new contracts concern the early-stage mobilisation and transformation (or build) phases. These are the most critical stages to making sure our customer, and our own, outcomes are met. It is these stages of new contracts that would most likely, if not delivered in an optimal way, lead to incremental cost and downstream delays. Any failure to provide the services specified in contracts, or any provision of sub-standard services, may result in a negative impact on our business (such as penalties, client complaints, claims for damages, additional cost, non-payment, early termination of the contracts, reputational damage etc.).

We have a new gated quality assurance approach which assesses and monitors risk right the way through the sales and delivery process. This new model allows for independent compliance and self-attestation checks; ongoing review of our leading risk indicator tool; and a new delivery management tool for transparent and insight led reporting to focus efforts on preventative risk management strategies.

#### **Supplier / Supply Chain Risk**

As a services company, we're not generally exposed to the global supply chain risk nor to goods shortages, with the exception – to a limited degree - of the chip shortage for general hardware. However, we continue to monitor and have mitigating strategies in place such as forward buying of hardware.

We do, however, have some exposure to failures in our services supply chain. For example, we may use the services of other suppliers in our offers and those companies may suffer financial distress which may, in highly exceptional circumstances, result in their insolvency. This did indeed occur over 2022 and the Company put into effect its mitigation plan. Maintaining continuity of services to our clients is paramount. We mitigate by firstly doing supplier financial checks before selecting them, making sure they have robust business continuity and IT disaster recovery plans; and through ongoing financial monitoring. Where possible and cost effective, we may seek to establish secondary suppliers of the same services. With unique technology services, secondary suppliers may not exist, and services may be highly integrated, meaning transitioning away is lengthy and / or costly. In the case of the supplier that did go into financial distress, we were able to transition all client services to a new platform, ensuring seamless continuity of service during and post-transition.

With high inflation, rising interest rates and goods and labour shortages hitting many companies, we face an increased risk from financial insolvency within our supply chain. We continue to monitor closely and where we have concerns, we engage closely with the supplier and put in place our mitigation plans.

#### **Legal and regulatory**

We are committed to managing our business in strict compliance with legislation and regulations.

We are primarily subject to regulation under UK legislation. Some clients' business activity is subject to special regulations, such as Financial Services and Defence, and contractual obligations often reflect this.

As a strategic supplier to the UK Government, we're subject to increased scrutiny, including regular financial due diligence and prompt payment compliance. We also fully align with Government procurement mandates such as Net Zero plans and the drive for Social Value.

We are subject to generally applicable legislation including anti-bribery and data protection. To support this, our comprehensive online training programme includes mandatory courses on these important topics.

#### **FINANCIAL RISK MANAGEMENT**

##### **Credit risk**

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company is mainly exposed to credit risk from credit sales. It is the

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Company's policy to assess the credit risk of new customers before entering contracts. Each new customer is individually analysed for credit-worthiness before the payment and delivery terms and conditions are offered. Purchase limits are established for each customer. A monthly review of the trade debtors' ageing analysis is undertaken and customers' credit is reassessed periodically.

Credit risk also arises from cash and cash equivalents and deposits with banks and financial institutions. For banks and financial institutions, only independently rated parties with a minimum rating of "A" are used.

**Liquidity and cashflow risk**

Liquidity risk arises from the Company's management of working capital and the finance charges and principal repayments on its debt instruments. There is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due.

Largely as a result of the impact of COVID-19, akin to supply-chain risk, we face the same upstream risk of our customers facing financial challenges. The impact of this is delays in or non-payment of invoices and potentially loss of future revenues impacting our financial performance. We have adapted our monitoring to track the financial performance of significant private sector customers too.

The Board receives cash flow projections on a monthly basis as well as information regarding cash balances. These projections indicated that the Company is expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances.

The implementation of a financing policy is largely centralised by the Company's ultimate parent. The Company has no external financing.

**Foreign exchange risk**

Foreign exchange risk arises when the Company enters into transactions denominated in a currency other than its functional currency. Through its ultimate parent company and its cash pooling arrangements, the Company hedges any significant foreign exchange risk primarily through forward contracts.

**Price risk**

Price risk is the risk that the value of a security or investment will decrease. To mitigate this risk, the Directors actively manage the Company's investments in order to diversify customers and markets and to grow the revenues and profits of these businesses.

**FINANCIAL KEY PERFORMANCE INDICATORS**

The Company's financial key performance indicators reflect its strategy and focus on consolidating and restructuring the business for future growth and increased profitability:

	2022	2021
	£000	£000
Turnover	443,593	401,170
Operating profit before restructuring costs, exceptional items and share-based payments	37,610	25,101
Profit before tax	72,840	32,997

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### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

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#### OTHER KEY PERFORMANCE INDICATORS

The Company's performance on environmental and sustainability issues is discussed in the Directors' Section 172(1) statement below.

The Company is a signatory to the Prompt Payment Code and measures its success in paying suppliers in a timely fashion. It has consistently met its target of paying 95% of all suppliers within 60 days (see the Directors' Section 172(1) Statement below).

	H2 2022	H1 2022	H2 2021	H1 2021
Percentage of invoices paid within 60 days	97	98	99	98

The Company uses the independent Great Place to Work® (GPTW) survey to track employee satisfaction, which pleasingly shows an impressive index of 75% (2021: 69%).

#### DIVERSITY AND INCLUSION (D&I)

At Sopra Steria Limited, we're inspired by the possibilities that come from working together and embracing difference.

We believe everyone should feel valued, respected, and able to be themselves at work and that everyone should have great opportunities, no matter their gender, race, religion, sexuality, neurodivergence or age. We see difference as a source of creativity, innovation, and competitive advantage.

The very essence of how the business works has inclusion at its heart. From partnering with inclusive suppliers through our supply chain, to training all managers to avoid unconscious bias and microaggressions, we believe in doing everything we can to help our people thrive and succeed.

For us, D&I means celebrating people, doing good for people, and doing right by people. It means respecting difference, working with empathy, and engaging with our communities. It means committing to working together to deliver excellence in everything we do. It means believing, together, we can shape our world for the better.

This commitment is reflected in our Great Place to Work® 2022 survey results, where we scored 89% favourable in the fair treatment questions, and by our Great Place to Work® UK's Best Workplaces™ ranking.

Based on insights from our diversity data, focus groups and employee feedback, we regularly review our D&I action plan to identify the programmes and initiatives that will make the most impact.

The key focus for our D&I actions are:

- Building a culture of inclusion by tackling bias and inappropriate behaviour, supporting employee flexibility and wellbeing, and cultivating inclusive leadership;
- Nurturing and supporting our existing diverse talent to improve progression and retention for women, ethnic minorities, and colleagues with disabilities;
- Improving our recruitment processes to attract and select a more diverse candidate pool, removing bias and offering adjustments to support diverse talent;
- Increasing representation of diverse talent;
- Becoming known as a diverse, ethical, and inclusive employer to improve attraction of diverse candidates and support our social value credentials; and
- Giving under-represented groups a voice through our D&I Networks (outlined below), agreed campaigns and targeted initiatives.

We have a clear strategy to meet our D&I ambitions, and a focus on growing D&I confidence, capability, and

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### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

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accountability across the business. One way we're doing this is through investing in more roles to support D&I, such as the following which were introduced in 2022:

- Workforce Inclusion Manager in our ADS sector - a role designed to instil a fully inclusive approach to all business activities. While the senior commitment to D&I at Sopra Steria Limited is extremely strong, we recognised there's still a gap to bridge in respect of visible change happening faster. This role amplifies the diversity message with the manager being the senior coordinator / enabler of activities across the business directed towards improving D&I.
- Two secondment roles, dedicated to accelerating the D&I agenda. Both full-time roles are based within our Government and Transport sector, with a particular focus on encouraging more women into senior positions. As two-year secondments, the hope is that they can make a real and tangible difference, with guaranteed roles to return to once the secondment period is over.

Our growing family of employee inclusion networks are working together to influence and support our efforts to become a more diverse and inclusive organisation. They hold frequent events to raise awareness, have fun, and to support each other. From International Women's Day events to LGBT+ Pride Lunch and Learns, to World Religion Day and more, we embrace the rich diversity that makes up our unique organisation.

Our current employee inclusion networks are:

- Women's Inclusive Network;
- LGBT+ Network;
- Neurodiversity Network;
- Race & Culture Community Networks;
- Disability Network; and
- Armed Forces Network

Truly inclusive groups, they are open to all employees who either identify with or are allies of the network purpose. Providing a safe space where relevant issues and different perspectives can be openly discussed to promote better understanding and raise awareness across our Company, these networks play an important role in creating a better experience for all our people. Each network has a passionate executive sponsor who supports the development of the group and champions their agenda at senior levels.

They have the power to influence change and decisions within the wider business. Take our Disability Network. They wanted to improve accessibility for those working here, so they launched a Company-wide Accessibility Discovery survey to provide insight on any accessibility barriers our people are facing at work, both physical and digital. Using the results, the network facilitated a workshop with senior leaders from across the business, sharing their own stories and experiences as part of the event. This directly led to the creation of a dedicated Accessibility Subject Matter Expert role, who focuses on our internal systems, processes, client solutions and business platforms to make sure both our internal and external solutions are accessible by design.

Our commitment to equality and diversity is also underlined by our engagement with others in the industry and involvement in initiatives such as:

- Participating in annual research to drive greater gender inclusion in technology roles across the industry;
- Signing the Menopause Workplace Pledge;
- Achieving Disability Confident Employer (Level 2) status on the government 'Disability Confident' scheme. This is a voluntary scheme that supports employers to think differently about disability and helps us improve how we attract, recruit and retain people with disabilities and health conditions;
- Participating in the 30% Club cross-company mentoring programme for women and ethnic minorities;
- The Tech Talent Charter, an industry-led initiative to increase the diversity of the technology workforce in the UK; and
- TechUK's Assistive Technologies Board.

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We use innovative recruitment, job adjustments, training, and awareness-raising initiatives to help make sure we attract and retain great people. We're committed to offering all candidates with a disability an interview for any job they apply for, when declared as part of their application and if they meet the minimum criteria.

#### **DIRECTORS' SECTION 172(1) STATEMENT OF COMPLIANCE WITH DUTY TO PROMOTE THE SUCCESS OF THE COMPANY**

Section 172 of The Companies Act 2006 states that "a director of a company must act in the way he/she considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

- a. the likely consequences of any decision in the long term;
- b. the interests of the Company's employees;
- c. the need to foster the Company's business relationships with suppliers, customers and others;
- d. the impact of the Company's operations on the community and the environment;
- e. the desirability of the Company maintaining a reputation for high standards of business conduct; and
- f. the need to act fairly as between members of the Company."

In discharging their duty under section 172, the Directors of the Company, have regard to the factors set out above. In accordance with our responsibilities and duties under section 172 of the Companies Act 2006, the following outlines our engagement with our stakeholders:

#### **Customers**

Customer-centricity is a fundamental part of our strategy and is entwined in our values. Whether that's putting ourselves in the shoes of others to listen and understand as the foundation of true customer focus, demonstrating our Empathy value; or looking for continuous improvement so we can go above and beyond – at the heart of our Excellence value.

To thrive and succeed in a fast-changing competitive environment, we know we must regularly listen to the voice of our clients and adapt to rapidly address their changing needs.

Our 'Voice of the Customer' (VOC) programme, based on the Net Promoter Score system, allows for regular tracking and monitoring of client satisfaction. It gives a consistency of approach across the business, with the focus on achieving the best possible service and outcomes for our customers.

The benefits of this systematic approach are to:

- help improve solutions and services;
- identify revenue at risk;
- support the creation of a first class client experience;
- encourage a client first culture;
- demonstrate that we value our clients' opinions; and
- build client loyalty and drive brand advocacy.

Through our VOC programme we can analyse client feedback to provide insight into areas for improvement or specific issues and concerns. These findings are implemented as action plans at a sector and account level to make sure that any issues and concerns are addressed speedily and effectively. We compare Net Promoter Scores and VOC outputs alongside compliments and complaints received to identify trends, lessons learned and areas for continual improvement. Company-wide results and trends are reviewed year-on-year to drive strategic improvements.

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In addition to the programme, we have Executive Client Directors (ECD) on our key accounts, providing a single point of accountability. The ECD is responsible for building the overall relationship with the client, focusing on understanding their priorities and challenges, and identifying innovative solutions to address those needs.

**The Government**

The UK Government is one of our largest customers, spread across central, regional, local, defence, police, transport and health. We are categorised by the Government as a strategic supplier – one of 40. This means we are under much greater scrutiny than the Government's tens of thousands of other suppliers. The engagement is led through the Cabinet Office's strategic supplier programme. A Crown Representative is allocated by the Cabinet Office to the Company, whose remit is to help the Government to act as a single customer. They work across departments to make sure that a single and strategic view of the Government's needs is communicated to the market, to identify areas for cost savings and to act as a point of focus for cross-cutting supplier-related issues.

Regular events are held with representatives from our government customers to share strategy and encourage open dialogue. We also complete an annual review, answering a comprehensive suite of questions - from our revenues to our environmental Net Zero plans. The Government feeds back to us a comparative review of our performance across multiple dimensions.

In the wake of the collapse of Carillion, the contractual performance and financial health of all strategic suppliers now come under close scrutiny, both annually and in real-time. As a strategic supplier, our voice is encouraged in working with the Government and others in industry to develop better commercial relationships, for the public sector, for industry and - importantly - for the taxpayer.

We are a strong advocate of the Government's new Playbooks for better Sourcing, including Consultancy, and Digital, Data and Technology. We sign up to the Supplier Codes of Conduct, Prompt Payments Code and the new Carbon Reduction Plans.

**Suppliers and partners**

Our robust supplier engagement programme focuses on mitigating risk and reducing costs. But just as importantly, it's about providing best value to customers and our business through a supplier base that promotes and supports innovation, collaboration, and sustainability.

We work with a wide range of suppliers, from hyper-scale providers of services such as Cloud, to SMEs which bring agility and innovation into solutions. We operate a robust due diligence and supplier on-boarding process and actively support suppliers through that process. This process covers, among other things, financial risk and compliance with cyber-security requirements, pertinent to the services being provided. We also take a tiered approach to engagement and periodic meetings with different suppliers.

We are working continually to make sure our supply chain is:

- driving commercial value for all parties, with the right controls and risk management in place;
- representative and accessible to the wide range and size of suppliers available in the marketplace;
- a source of innovation and economic opportunity for all;
- comprised of businesses operating ethically and sustainably; and
- reducing carbon emissions and waste.

Our supply chain programme is an integral part of our sustainability and social value strategy. By incorporating good principles of economic, social, and environmental sustainability into the business, we can create more value for customers, contribute to more sustainable economies and communities, engage employees, and forge better relationships with stakeholders, including suppliers.

Suppliers are going through a programme of assessment using the EcoVadis sustainability tool. EcoVadis' methodology is aligned with international standards to measure suppliers' environmental, social and ethical

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performance - the results of which inform the supply chain social value strategy. We also work closely with our ultimate parent, setting targets to increase compliance with Group-wide initiatives and programmes across our supplier profile.

Electronic invoicing gives us better control over and visibility of supplier payments, enabling us to be a signatory to the UK Government's Prompt Payment Code, which sets standards for payment best practice, in support of SMEs.

We are committed to paying suppliers on time, within agreed terms, and to give clear guidance to those suppliers. We exceed the Government Payment Practices Reporting target to pay 95% of supplier invoices within 60 days. In addition, and in line with the changes introduced to the Prompt Payment Code in 2021, our target is to pay at least 95% of suppliers with fewer than 50 employees no more than 30 days after receiving a valid invoice.

#### **Employees**

##### **Employee Forum**

Employee feedback is key to shaping our people programmes and initiatives because we want our colleagues to feel empowered to shape our business. We run Temperature Check surveys every quarter to check what's working well and what needs to improve.

We want everyone to have their views heard and to be listened to on the decisions that affect their work. Our Employee Forum is the place where this involvement and engagement comes together, providing a place where the senior leaders of our business and elected employee representatives can exchange information and ideas. The Forum provides valued input on employee views and experiences to the management team, helping to improve the quality of the decision-making which impacts colleagues' daily lives. In addition, it also acts on behalf of employees in matters where consultation is a legal requirement.

The Forum is made up of representatives, elected by our employees every two years, to represent their colleagues from across the business, sectors, functions, and professional communities such as Consulting. These elections were last carried out during April 2021, with the new representatives taking up their roles in May.

National Forum meetings – with the Employee Forum, CEO, and HR representatives - usually take place every eight weeks, with fortnightly check-in meetings in between. In 2022, there were six National Forum meetings.

Sopra Steria Limited has a UK-wide management committee or Executive Committee (ExCom) which includes the leaders of the Business Sectors, NHS SBS and SSCL, meets at least monthly and is led by the CEO. The Forum chair has a regular slot at the ExCom meeting to share their insight and feedback.

The Employee Forum quarterly Temperature Check surveys include standard questions, which ask about general wellbeing. They also feature a theme of topical questions driven by the latest issues that are affecting employees – such as new ways of working, or the cost of living crisis. The results of the surveys are shared and discussed with ExCom and sector leadership to highlight areas of concern or interest from employees.

The Forum represents the voice of the people and, using feedback from the Temperature Checks, has helped to inform various programmes and initiatives in 2022, such as:

- Our response to the cost of living crisis, which included a one-off payment, salary uplift and launch of a Special Employee Fund set up to support those experiencing financial difficulties;
- The Shape Our Future programme – outlined below;
- Improvements to our employee recognition scheme – including simplifying both the nomination process and the funding mechanism for awards to increase nominations;
- Our employee benefits review project - researching and reviewing our benefits offer to determine what we need to stop, start, and adjust;
- The evolution of our performance and development process; and

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- Our focus on wellbeing (including men's and women's health campaigns).

#### Internal Communications

We communicate regularly across our organisation to explain, promote and ground our strategy, performance and values in our day-to-day working lives and to motivate and drive daily actions at an individual level. This is how we successfully execute our long-term vision.

A comprehensive suite of internal communication channels helps to bring the strategy to life, aligning employees to the organisation's operational activities, vision and purpose and promoting trust, confidence and understanding in the Company's direction. The internal communications programme also aims to instil a sense of pride in the work we do and the value we bring.

Including – but not limited to – video and e-newsletters, an intranet, digital magazine and screens, employee forums, face-to-face and interactive virtual team meetings and all employee events, we appeal to our diverse population using creative and informative means, promoting a two-way flow of information to deepen their connection to the business.

#### Future of Work

The unprecedented challenges of the past few years, from the COVID-19 pandemic to the continuing cost of living crisis, have created a sea-change in the way employees work and the support they need from their employers.

Our commitment is always to put people at the centre of every decision, so, we've responded to these challenges by creating greater flexibility in working practices, fostering opportunities for a better work-life balance, and providing environments where people can feel connected and thrive in our new hybrid world.

We have had a big internal change programme in full flight - defining and creating a more effective and sustainable way of working. With our people at its heart, the 'Future of Work' programme looks at the entire employee experience and supports all aspects of working life – from working environments to IT provisions, communicating to culture, wellbeing to work-life balance. Its focus has been around encouraging the 3Cs of Connecting, Collaborating and Congratulating.

Our Future of Work vision is: Across the UK, we are a strong community with a working environment that is seamless, healthy, productive, enjoyable, and exciting, so that employee and Company aspirations are mutually and harmoniously fulfilled.

A fundamental part of the programme has been to make sure all our employees get the chance to co-create the workstreams we focus on. This is why we have run 'Shape Our Future', which has given all employees the chance to get involved in the programme, to have their say on how we build on what's going well, adapt our previous ways of doing things, and build a stronger future, together.

We've also invested in almost all our main office locations, with just a few that are a work in progress, to create unique and modern working environments where we can connect, collaborate, congratulate with each other, in order to continue to grow and innovate together.

#### Shareholders

The Directors are responsible for the fair treatment of all shareholders in accordance with the articles of association. There are open lines of communication and regular reporting to Group management including monthly financial results and risk monitoring.

Employees are encouraged to become shareholders through the Share Incentive Plan which offers discounted shares in Sopra Steria Group S.A. and the opportunity to benefit from improvement in the Group share price.

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**Sustainability and social value**

For us, social value is a combination of individual wellbeing, and societal and environmental sustainability. We believe that long-term value comes from seeing success as part of a bigger picture, encompassing people, the economy, and the environment. It's about being better for people, better for business, better for the world.

As an organisation, we're committed to shaping the world for the better, through our own actions and those of our customers and suppliers.

Social value is integral to our strategy and business operations and we want to deliver positive change in business and society through every aspect of it. For this reason, we decided to make some organisational changes in 2022. We developed a new operating model and introduced additional governance and structure, and have formed a Social Value Steering Board, chaired by our CEO, John Neilson. It's about bringing together all the great things we are doing across the business for ourselves and our clients on social value, to make them stronger together, and to provide clear focus and accountability. This requires all teams and business units to unite behind our vision and to work collaboratively, cross-business.

We believe that delivering technology, solutions or services which improve people's lives are core to a well-rounded social value programme and provide further value for employees who want to make a difference, so we work to create solutions which drive social value by design for our clients and their end-users, and the wider community, rather than just delivering IT solutions or processes.

We've significantly invested in social value, with a dedicated Social Value Manager on our major public sector accounts. For us, social value is a business imperative, so we designed a social value score card, which is shared with clients quarterly so they can track performance and adapt their initiatives and priorities.

Sustainability – and tackling climate change in particular – is part of our DNA. It's an integral part of everything we do, and we are committed to supporting the transition to a Net Zero economy for all. By incorporating good principles and recognised standards of sustainability into all aspects of our business, we create more value for our clients, become part of more sustainable economies and communities, engage our employees, forge better relationships with stakeholders and differentiate ourselves from competitors.

More on our environmental credentials and the positive impact we're making on society through our volunteering programme is detailed in the Environment, Social and Governance section on page 25.

This report was approved by the board on 30 August 2023 and signed on its behalf.

DocuSigned by:  
  
AB1705C200D84E2...  
**Mr J N M Neilson**  
Director

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## SOPRA STERIA LIMITED

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### DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

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The Directors present their report and the financial statements for the year ended 31 December 2022.

#### DIRECTORS' RESPONSIBILITIES

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, including FRS 101 "Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice). 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 to 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.

#### RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £58,986 thousand (2021: £27,642 thousand).

During the year, the Company paid a dividend of £20 million (2021: £nil).

#### DIRECTORS

The Directors who served during the year and to the date of this report were:

Mr D S Ahluwalia (resigned 1 January 2023)  
Ms K M Clark-Bracco  
M P-Y Commanay  
Ms M Greene (appointed 1 January 2023)  
Mr J J Moran  
Mr J N M Neilson

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## SOPRA STERIA LIMITED

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### DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

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#### FUTURE DEVELOPMENTS

The UK has experienced a considerable period of turmoil. Against this backdrop, significant rises in interest rates, energy costs and inflation exacerbated by the crisis in Ukraine are affecting all businesses.

Labour and skills shortages are likely to remain a challenge in 2023. The pandemic, a global workforce shortage and remote working have meant that employees have reconsidered their priorities. A war for talent is raging. To attract and retain quality candidates, businesses need to be flexible, empower their employees, and build an inclusive culture with purpose at the core, so their people can feel like their work has a positive impact.

At Sopra Steria Limited, we've responded to the war for talent by continuing to strengthen and focus on the areas which we think make us attractive as an employer. Our strong social purpose; Living our values – Respect, Excellence, Empathy, and Community; Making lives better – both directly through our digital and business process solutions, and indirectly through our social value agenda, whether that's volunteering, fundraising, or limiting our impact on the environment. We're committed to growing D&I confidence, capability, and accountability across the business. This is evidenced through our investment in more dedicated roles to support D&I, in our training and development programme, and in how we recruit. An example is our Accelerated Digital Careers Academy, which gives people without formal qualifications the opportunity to thrive in the IT industry.

After reaching record levels in 2021, concentrations of greenhouse gases continued to rise in 2022. Natural disasters – from extreme heat waves to floods – contributed to record levels of humanitarian need. As we journey towards 2030, 2023 will see a number of critical reviews to assess progress against global agreements on sustainable development and tackling the climate crisis.

The pandemic and Russia's invasion of Ukraine put a spotlight on the extent to which we all now depend on complex and opaque global supply chains, as well as highlighting the power and reliance on digital and data. Much of daily life has transferred to the online realm and businesses - as well as core social, health and economic services - are heavily dependent on technology. Digital has changed how we work, when we work, how we collaborate. However, inequalities in access to digital technology have been exacerbated, across society, regions, and business models. We support the need for Levelling-Up and Building Back Better, Fairer and Greener.

A major player in digital and data, we're at the heart of designing and providing highly-automated digital services which make life better. Through our cpartners brand, we're helping the world's best companies become truly customer-centric. By creating value for customers and focusing on the user experience, we're helping organisations become more successful, more sustainable, and better places to work.

For our clients, digital and data continue to offer not just a brighter future, but an essential one. As well as the widespread adoption of collaboration tools, there continues to be massive opportunities in shifting workloads and user-centric processes into the Cloud.

However, as we digitise, the threat of cyber-attack, industrial espionage, and political interference and control is all too real and frequent. AI is being used for harm by hostile actors. This intensifies the need for protection and trust. The emergence of quantum computing is a threat to data security. Digitalisation is driving demand for new operating models which incorporate more innovation and automation. It also puts the issues of supply chain security and cyber-attacks into the fore, and is spurring the adoption of greater social and environmental benefit in business.

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## SOPRA STERIA LIMITED

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### DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

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All this culminates in demand for our expertise, solutions, and services. It plays not only to what we deliver, but how we do it: our values, our culture, and our purpose. Digital unlocks massive opportunities: to enable public services that offer more convenience and choice; to radically transform businesses; to help governments meet big and complex challenges; to improving financial services by delivering fairer, customer-centric solutions. We're embracing these opportunities – whether that's our back-office shared service tailored platforms we have built – and are running services on – for the NHS, Government, and Police through our jointly-owned businesses – SSCL and NHS SBS, or our enhanced debt management platform, providing early intervention when it comes to debt collection, or UK Visas and Immigration, where we help to make sure the UK economy has access to the vital skills it needs.

We will continue to leverage these opportunities and explore new systems and solutions - collaborating with our customers to build a positive future for all.

#### ENGAGEMENT WITH SUPPLIERS, CUSTOMERS AND EMPLOYEES

Details of the Company's engagement with suppliers, customers and employees are shown in the Directors' section 172 statement included in the Strategic Report on pages 17 to 21.

#### 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 Sopra Steria (Retirement Benefits Scheme) Trustees Limited, 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 judgment is given against them, nor will they cover a Director's liabilities to the Company or to an associated company.

#### ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)

We all want to live in a world with a brighter future. Everyone benefits from a world that is environmentally healthy, full of opportunity and free from inequality and injustice.

We are a values-based business. ESG is embedded throughout our organisation, from top to bottom. At Sopra Steria Limited, we describe this as 'social value', which to us, is a combination of individual wellbeing and societal and environmental sustainability. It's about making a positive difference for our clients, their customers and our communities and delivering services that make life better.

##### Environment - Reducing environmental impact

We have a strategy and plan in execution to reduce the direct environmental impact of our business and develop responsible purchasing programmes which involve our entire value-chains in a shared continuous improvement process. By incorporating sustainability principles into our service propositions, we also support our clients in their transition to a Net Zero economy.

Sopra Steria Limited has been innovating to protect the environment for nearly 10 years and is a pioneer in this area. Our Group-wide target is to become net zero by the end of 2028. In the UK, we have already reduced greenhouse gas (GHG) emissions per employee from our use of heating, electricity and air conditioning in our offices and data centres (Scope 1 and 2 on a market basis) by 81% (including COVID-19 impact) since 2015. So, we have made substantial progress in helping the Group achieve the long-term, science-based target to

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## SOPRA STERIA LIMITED

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### DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

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reduce these emissions further – by 85% by 2040.

From 2015 to 2022, UK business travel emissions per employee reduced by 71%. Again, this is a strong contribution to support Group's science-based target to reduce Scope 3 emissions (business travel) by 43% by 2025. Recognising that our suppliers are responsible for the bulk of our emissions, our target is for 90% of them to set GHG emissions reduction targets by 2025.

As a strategic supplier to the UK government, Sopra Steria Limited's Net Zero Carbon Reduction Plan complies with the Cabinet Office Procurement Policy Note (PPN) 06/21.

Sopra Steria Group actively contributes to international initiatives aimed at mitigating climate risk and supports the transition to a low-carbon economy through the services it provides to its clients. Sopra Steria Group has joined SBTi's Business Ambition for 1.5°C campaign - the world's largest and fastest-growing group of companies that are aligning with 1.5°C by helping to halve global emissions by 2030. In joining Business Ambition for 1.5°C, Sopra Steria Group also became part of Race to Zero, a UN-backed, global campaign looking to rally leadership from all non-state actors - including companies, cities, regions, financial and educational institutions - for a healthy, resilient, zero carbon recovery. As the next stage, Sopra Steria Group's targets (upgraded in line with the Net-Zero standard) will be validated by the SBTi in 2023.

We continually benchmark ourselves and track progress by taking part in assessments, indices, and rankings of ESG performance. Our commitment to minimising our environmental impact contributed to Sopra Steria Group achieving the 'A List' for the sixth consecutive year for Climate Action and Environmental Sustainability Leadership by global not-for-profit organisation, CDP. Widely recognised as the 'gold standard' of corporate environmental transparency, the CDP list places us among the top 200 of the 16,000+ companies benchmarked worldwide.

Our overall performance in Corporate Responsibility has earned our Group a Platinum rating from EcoVadis, making us one of the top 1% of companies that the French sustainability rating agency assesses. 2022 also saw us achieve a 100% score for the sixth year in a row for performance in Environment, Carbon and Waste Management under the Achilles audit (prescribed by Sopra Steria Group clients).

Another proud moment was 2022's Financial Times Climate Leaders' List, with Sopra Steria Group identified as the leading company in its market sector – achieving a ranking of 7th out of 400 companies.

Part of the UN's Carbon Neutral Now programme for our direct operations (offices, data centres, and business travel), we have already achieved climate neutral status for these operations across the Company.

A report has been prepared for the year 2022 in respect of our Group energy consumption data and greenhouse gas emissions which includes an assurance report under ISAE 3000. Our environmental management system is certified to ISO14001:2015.

Through our supply chain initiatives, we're developing our social value credentials by creating a sustainable supply chain that drives inclusive economic growth through innovative partnerships and increased supply chain resilience. We are working to increase the diversity of the supply chain, constantly assessing and measuring the social value credentials of key suppliers and working with suppliers to address climate change challenges and the risk of modern slavery within the supply chain. More information can be found in the Suppliers section on page 18.

#### **Climate change**

Sopra Steria Group analyses and reviews the impact of climate change in its general risk mapping each year. It doesn't include climate change among key residual risks in its five-year risk map because the nature of the Group's business, the variety of sectors in which it operates, and its expanding programme of preventative and mitigating actions limit its exposure to such risks.

In accordance with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD),

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**SOPRA STERIA LIMITED**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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Sopra Steria Group has analysed two climate scenarios, in both qualitative and quantitative terms: the Sustainable Development Scenario (SDS) developed by the International Energy Agency (IEA), which is aligned with the Paris Agreement; and the Representative Concentration Pathway (RCP) 8.5 "business as usual" scenario developed by the Intergovernmental Panel on Climate Change (IPCC).

Every year since 2015, this analysis has identified the physical risks, transition-related risks and opportunities leading up to 2040. The findings of this analysis are presented to the relevant business unit heads at Corporate Responsibility and Sustainable Development Committee meetings for inclusion in action plans – this includes at UK level. The most significant issues for the Group may be discussed at meetings of the Group Executive Committee and the Nomination, Governance, Ethics and Corporate Responsibility Committee, which submit their conclusions to the Group Board of Directors. The Executive Committee is informed of any environmental or climate-related issues requiring particular attention and any decisions that need to be made. Details of our analysis are published every year in the Group's responses to the Carbon Disclosure project (CDP) Climate Change questionnaire.

In terms of our Environmental, Social and Governance (ESG) Group goals, Sopra Steria Group has committed to achieving net-zero emissions by 2028. Since 2015, greenhouse gas emissions related to our direct activities have fallen, in line with the objectives aligned with a 1.5°C trajectory, as certified by the Science Based Targets Initiative (SBTi); there has been progressive incorporation of emissions related to indirect activities in the carbon neutral programme; we have offset emissions not averted through investment in carbon capture projects.

Much more detail on ESG, climate-related risks, opportunities and financial impact, and our Net Zero commitment, actions and achievements can be found in the Group's Universal Registration Document, which is available at [www.soprasteria.com](http://www.soprasteria.com).

**Social - Making a difference to our society**

We want to be a good neighbour and a good citizen. Making connections with as many people as we can, and as diverse a range of people as we can, will enrich our lives, our experience, our knowledge. It's a key part of our vision to shape our world for the better.

We actively promote and support employees' volunteering. All colleagues have a number of days' paid volunteering time per year to support the causes they care about. Our "Volunteer of the Year" campaign rewards those who have gone above and beyond to support charities in their community. Winners receive an excellence award and a substantial donation to the charity of their choice.

Employees can sign up to participate in our volunteering programmes via the Tech for Good Hub. Designed to support fundraising and volunteering in our local communities, the launch of the hub in 2020 led to a 500% increase in employee participation in community engagement activities. Colleagues from across our UK family raised more than £265,000 in 2022 for more than 520 charities and our employees volunteered 12,000 hours.

Our people's passion for making a difference and volunteering shone through when the crisis in Ukraine unfolded. Through our UK Visa and Citizenship Application Services (UKVCAS) we worked at pace in partnership with UK Visas and Immigration to create a new service to enable Ukrainian nationals obtain visas to come to safety in the UK. We also created increased capacity for our biometric services and the processing centres around the country to cope with the additional workload, to support the UK's Ukrainian humanitarian efforts.

Working with libraries, local government, and local community centres we delivered flexible enrolment capacity using mobile kits in pop-up locations in response to community requests. Many of our employees used their volunteering days to spend time on the ground at the visa processing centres, supporting the increased demand for UKVCAS appointments.

Over 100,000 Ukrainian applicants were able to access much needed services across the UK in just four months, equivalent to around a 30% increase in appointment capacity.

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**SOPRA STERIA LIMITED**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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Sopra Steria Limited and our UK subsidiaries had an internal fundraising campaign for the crisis which raised more than £155,000, allowing the business to fund three displaced Ukrainian families in Poland for a year, included a donation of more than £135,000 to the Disasters Emergency Committee appeal (including matched funding), and more than £19,000 for the UN Refugee Agency.

Another fundraising initiative saw eight teams from our ADS sector take part in the 2022 Cumbrian Challenge in aid of Walking With The Wounded. Between them they tackled a mix of the challenge's three routes in the Lake District. Their combined fundraising efforts raised £10,383, with Sopra Steria Limited adding £5,617 – raising £16,000 in total.

Employees from across our UK family also raised nearly £10,000 for the Trussell Trust, which supports more than 1,300 food banks nationally, through an incentive fundraising scheme based on Great Place to Work® survey completion rates.

Centrally, we're running a number of programmes designed to drive social mobility and diversity through supporting young people. These include Career Ready, which helps mentor students into future leaders through one-to-one mentoring, or skills workshops. This is a one-year mentoring programme with office visits, coaching, careers workshops and a paid internship placement in Sopra Steria Limited.

Our partnership with Villiers Park Educational Trust has been established to support young people from disadvantaged backgrounds to develop the skills they need to access and thrive at university and in employment. It is targeted at students who would otherwise face significant barriers to entry for university to help drive social mobility. Our wide-ranging support has three core components: coaching; leadership challenge; skills and subject courses. It includes a dedicated support tutor, university application guidance, careers in digital workshops, mentoring, office visits, work experience, and ultimately, provision of tech equipment and financial support when they get into university.

Identifying future leaders among school children (starting from year 10), the programme provides them with support and guidance to help get them into university. The unique aspect of our partnership is that we offer practical support to a number of students through the successful completion of degrees in STEM subjects at university.

One year into the partnership, we've helped support 150 students via Villiers Park's Future Leaders programme and worked to identify the 10 students who will receive additional support. We've also delivered interactive employability sessions for young people on the Future Leaders programme.

**Governance – A well-run Company**

Sopra Steria Limited has a comprehensive governance framework across all its activities, and entities. It is set at the top and touches all employees.

Woven into the fabric of our business model are our ethical values. The Sopra Steria Group Code of Ethics (signed annually by Group) expresses those values and is based on shared principles, including respect, integrity and transparency.

The Group is made up of a corporate function and a number of operational divisions. The Group Executive Management team is supported by the Group Executive Committee (ExCom), the Group Operations Committee and the Group Management Committee. The UK CEO is a member of the Group ExCom, which supervises the Group's organisation, management systems, major contracts and support functions and entities. It's involved in the Group's strategic planning and implementation.

In accordance with the French Financial Regulator, Autorité des Marchés Financiers (AMF) reference framework, the internal control and risk management system put in place by Sopra Steria Group is structured around three lines of control. It is approved and overseen by Executive Management, therefore at the Group's highest level. In accordance with good governance, the roles of Chairman and Group CEO are separate. The Group CEO's compensation considers several criteria linked to corporate responsibility. In the UK, Corporate

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**SOPRA STERIA LIMITED**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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Responsibility is overseen by the UK CEO. It's a top priority for the Executive Committee to comprise a diverse range of skills and a focus on ten core competencies, and it reports on these figures each year for each committee.

In the UK, we have a management committee, ExCom, which oversees the business in the UK, including financial, legal, risk and compliance as well as setting strategic direction, sales strategy, and monitoring delivery and performance.

In the UK, we have codified our core business policies, processes and working practices in our business management system, which defines how we run the business. These reflect and align with Group processes, with specific local elements to suit the nature of the UK business including country laws and regulation. The latter would include our approach to mitigate against key business risks such as data protection and cyber-security. In addition to technical and physical actions, the Commercial and Legal Director ensures all our people undertake awareness and training in responsibilities and rules and reporting, towards protecting our data, preventing cyber-attack, anti-money laundering etc. Financial and other regulatory reporting (such as Prompt Payment compliance to the Government) is the responsibility of the UK Finance Director.

Overall, the UK operates under a defined governance framework, underpinned by the code of ethics, with corporate responsibility – including environment and social value - owned right at the top and embedded throughout our decisions, actions and strategy.

## SOPRA STERIA LIMITED

**DIRECTORS' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

**GREENHOUSE GAS EMISSIONS, ENERGY CONSUMPTION AND ENERGY EFFICIENCY ACTION**

In compliance with Streamlined Energy and Carbon Reporting (SECR) regulations, the Directors are pleased to report the Company's performance relating to greenhouse gas (GHG) emissions, energy consumption and energy efficiency actions.

	2022	2021	Baseline Year 2015
Energy consumption - gas (Kilowatt-hour - kWh)	1,623,686	2,811,398	3,037,137
Energy consumption - oil (kWh)	5,534	7,360	892,618
Energy consumption - electricity (kWh)	3,285,156	3,266,529	10,732,593
Energy consumption - transport (kWh)	1,214,650	665,338	7,915,822
Total energy consumption (kWh)	6,129,026	6,750,624	22,578,170
Total energy consumption (kWh) per full-time employee (FTE)	2,390	2,626	6,362
% change in Total Energy consumption (against baseline)	-72.9%	-70.1%	
% change in Total Energy consumption (against previous year)	-9.2%	-15.6%	
% change in Total Energy consumption per FTE (against baseline)	-62.4%	-58.7%	
% change in Total Energy consumption per FTE (against previous year)	-9%	-10%	
Scope 1 tCO <sub>2</sub> (e)	318	601	789
Scope 2 (location-based) tCO <sub>2</sub> (e)	698	694	4,958
Total Scope 1 + 2 (location-based) emissions tCO <sub>2</sub> (e)	1,016	1,294	5,747
Scope 3 tCO <sub>2</sub> (e)	41,719	34,952	38,928
Total greenhouse gas (GHG) emissions tCO <sub>2</sub> (e)	42,735	36,246	44,675
% change in Total GHG emissions (against baseline)	-4.3%	-18.9%	
% change in Total GHG emissions (against previous year)	17.9%	-1.8%	
Total GHG emissions per FTE tCO <sub>2</sub> (e)	16.67	14.10	12.59
% change in Total GHG emissions per FTE (against baseline) tCO <sub>2</sub> (e)	32.4%	12%	
% change in Total GHG emissions per FTE (against previous year) tCO <sub>2</sub> (e)	18.2%	4.8%	
Scope 2 (market based) tCO <sub>2</sub> (e)	-	-	928
Total GHG emissions (based on Scope 2 market basis) tCO <sub>2</sub> (e)	42,037	35,552	40,645
Total GHG emissions per FTE (based on Scope 2 market basis) tCO <sub>2</sub> (e)	16.40	13.83	11.45

All of the above energy consumption and GHG emission disclosure relates to the Company's UK operations.

**GHG**

Greenhouse gas: An atmospheric gas, such as water vapour, carbon dioxide, methane and nitrous oxide, responsible for the greenhouse effect, which has led to the acceleration of global warming and climate change.

**tCO<sub>2</sub> (e)**

Tonnes of carbon dioxide equivalent: allowing other greenhouse gas emissions to be expressed in terms of carbon dioxide based on their relative global warming potential.

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**SOPRA STERIA LIMITED**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**Methodology**

The Company's reporting follows the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard, applying the operational control approach to the organisation's boundary against a materiality threshold of 5%. Any source of emissions that emits less than 5% of corporate emissions is regarded as immaterial. Nevertheless, for completeness immaterial emissions have been included within the total carbon footprint where data is available. Sopra Steria Limited reports beyond the minimum requirements for SECR compliance to disclose a full set of relevant GHG emissions that support the credible transition to net zero emissions.

The gross carbon emissions have been classified in the following way:

**Scope 1** Direct emissions from: gas used in buildings for heating, fuel used in back up power generators and fugitive emissions from air conditioning units.

**Scope 2** Indirect emissions from: electricity used in offices, on-site data centres and through electric charging points which are owned by the Company. The Company reports both location-based emissions (taking into account the UK grid average) and market-based emissions (reflecting the amount of energy from renewable sources).

**Scope 3** Indirect emissions from: business travel (by air, road and rail); hotel stays; upstream emissions from purchased fuel and electricity; electricity consumed in a transmission and distribution system and off-site data centres; wastewater treatment; waste recycling and disposal; purchased goods and services; employee commuting and employees working from home.

The most recent emission factors have been applied to the calculation of greenhouse gas emissions for the financial year ended 31 December 2022: BEIS (DEFRA): UK Government GHG Conversion Factors for Company Reporting (year 2022); the European Residual Mixes 2021 for the United Kingdom Association of Issuing Bodies and ADEME (2020).

**Energy efficiency actions**

The Company has continued to address energy efficiency, leading to a year-on-year reduction in its energy intensity (per full time employee) of 9%, as shown in the table above.

Since its baseline year of 2015, the Company's absolute energy footprint has decreased by 72.9%.

The Company expects that future ways of working patterns will lead to increased hybrid working. As a result, in 2023, the Company will implement, through its UK property strategy, smart technology that provides management information and enables control of energy usage in line with dynamic changes in demand for office utilisation.

In 2022, the Company undertook energy efficiency initiatives and investment in measures to reduce its carbon emissions, including the following:

- The Company launched its upgraded company car scheme which solely provides environmentally friendly and tax-efficient Battery Electric Vehicles (BEVs) and Plug-in Hybrid Electric Vehicles (PHEVs).
- Further upgrades of lighting to energy efficient LEDs was completed in 2022 as part of the office refurbishment at Three Cherry Trees Lane in Hemel Hempstead. This is expected to contribute to an annual reduction of 10,202 kWh in electricity consumption and 1.95 tonnes of CO<sub>2</sub>(e).
- An overhaul of the entire lighting at the Company's central London office on Mark Lane was completed, replacing 98 72W lights with energy efficient 19W LED lights. This investment is expected to produce a return in annual electricity savings of 21,337 kWh and 4 tonnes of CO<sub>2</sub>(e).

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**SOPRA STERIA LIMITED**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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Sopra Steria Group, as part of its commitment to become Net Zero for CO<sub>2</sub> emissions by 2028, is embracing the United Nations' Climate Neutral NOW programme. For the financial year 2022, Sopra Steria Group's Offices, Business Travel and Data Centre emissions are climate neutral under Climate Neutral NOW.

In 2022, Sopra Steria Group committed to the Science Based Targets initiative (SBTi) Net-Zero Standard. Revised targets have been submitted to the SBTi for review and validation against the Standard (due to a backlog of application to be processed the SBTi have advised that Sopra Steria upgraded targets will be reviewed in summer 2023).

**MATTERS COVERED IN THE STRATEGIC REPORT**

Details of the Company's engagement with suppliers, customers and employees (page 17), its research and development policy (page 7), as well as its financial risk management objectives and policies (page 7), diversity policy (including a statement describing the Company's policy regarding the hiring, continuing employment and training, career development and promotion of disabled persons) (page 15) and its exposure to financial instrument risk (page 14) are included in the Strategic Report.

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## **SOPRA STERIA LIMITED**

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### **DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022**

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#### **STATEMENT OF CORPORATE GOVERNANCE ARRANGEMENTS**

The Company is committed to maintaining high standards of corporate governance.

The governance framework of the Group delegates authority for local decision-making to the Company, up to defined levels of cost and impact. The Company has set up its own governance framework within its delegated authority. As part of the Company's governance framework under this delegated authority, the Company has an Executive Committee (ExCom) who are primarily responsible for the day-to-day management of the Company. ExCom meet on a monthly basis to oversee the development and implementation of strategy and to monitor the Company's performance.

ExCom includes (but is not limited to) Mr J N M Neilson, Ms M Greene and M P-Y Commanay who are also Directors of the Company in addition to the head of each business sector.

The Board delegates the management of certain operational matters via ExCom to management committees and groups comprising operational leaders and subject matter experts to support it in discharging its obligations. Reports are regularly made to the Group Board by the business about the strategy, performance and key decisions taken that provides the Group Board with assurance that the Company is being operated in accordance with the Group governance framework and Group policies.

The Company does not apply a corporate governance code, but has an Organisation and Governance policy covering the organisation and governance principles for the UK business, including ExCom meetings, risk, operations, management engagement and strategy development. The Company has not departed from this Policy.

Sopra Steria Group S.A. follows the AFEP-MEDEF code. The AFEP-MEDEF code can be found at: [https://afep.com/wp-content/uploads/2020/01/Afep\\_Medef-Code-revision-2020-EN-.pdf](https://afep.com/wp-content/uploads/2020/01/Afep_Medef-Code-revision-2020-EN-.pdf). By virtue of following group policies, the Company effectively complies with this code.

Information on officer compensation and other sections of the code relating to the Board are covered by UK company law, as well as the Company's Organisation and Governance policy.

Gender diversity and Training are covered by the Company's HR policies. Both Diversity and Employee representation are covered in the strategic report on pages 17 and 13 respectively. Non-competition agreements have been signed by the Directors in accordance with Company policy.

Compensation of the Directors of the Company is controlled by Sopra Steria Group S.A., so this area of the code is not applicable to the Company.

The following sections of the code are also considered not to be applicable to the Company:

Diversity of forms of organisation of governance, Communication with shareholders and markets, Shareholder's meeting, Independent directors, Employment contracts, Evaluation of the board, Duration of terms of office, Audit committee, Nominations committee, Compensation committee, Number of directorships, Requirement to hold shares.

#### **GOING CONCERN**

As discussed in note 1.4, the Company's detailed financial plans, together with its financial resources, long-term contracts, diverse customers and risk mitigation processes lead the Directors to conclude that the Company will continue in operational existence for the foreseeable future and therefore they continue to adopt the going concern basis of accounting in preparing the financial statements.

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**SOPRA STERIA LIMITED**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**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.


**EVENTS AFTER THE REPORTING PERIOD**

On 1 January 2023, the Company acquired all the trade, assets and liabilities of its 100% owned subsidiary Graffica Limited for consideration of £3,831,000, which was estimated to be the value of the assets acquired less liabilities assumed.

**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 30 August 2023 and signed on its behalf.

DocuSigned by:  
  
A81705C200D84E2...  
**Mr J N M Neilson**  
Director

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## **SOPRA STERIA LIMITED**

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### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SOPRA STERIA LIMITED**

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#### **Opinion**

We have audited the financial statements of Sopra Steria Limited (the 'Company') for the year ended 31 December 2022 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2022 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.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our audit procedures to evaluate the Directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included but were not limited to:

- Undertaking an initial assessment at the planning stage of the audit to identify events or conditions that may cast significant doubt on the Company's ability to continue as a going concern;
- Obtaining an understanding of the process undertaken by the Directors when assessing the Company's ability to continue as a going concern;
- Evaluating the Directors' method to assess the Company's ability to continue as a going concern;
- Reviewing the Directors' going concern assessment;
- Evaluating the key assumptions used and judgments applied by the Directors in forming their conclusions on going concern; and
- Reviewing the appropriateness of the Directors' disclosures in the financial statements.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

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## **SOPRA STERIA LIMITED**

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### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SOPRA STERIA LIMITED (CONTINUED)**

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#### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### **Opinions 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 the 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.

#### **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 in relation to which 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.

#### **Responsibilities of Directors**

As explained more fully in the Directors' Responsibilities statement set out on page 22, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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**SOPRA STERIA LIMITED**

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SOPRA STERIA LIMITED (CONTINUED)**

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**Auditor's responsibilities for the audit of the financial statements**

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

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the company and its industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: employment laws and regulations (including health and safety) and laws and regulations relating to unethical and prohibited business practices.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the Company which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as taxation legislation, pension legislation, and the Companies Act 2006.

In addition, we evaluated the Directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to posting manual journal entries to manipulate financial performance, management bias through judgments and assumptions in significant accounting estimates, in particular in relation to provisions and the defined benefit pension obligation, revenue recognition (which we pinpointed to the cut-off assertion), and significant one-off or unusual transactions

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the Directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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**SOPRA STERIA LIMITED**

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SOPRA STERIA LIMITED (CONTINUED)**

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A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

**Use of the audit report**

This report is made solely to the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:  
  
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Jennifer Birch (Senior statutory auditor)

for and on behalf of

**Mazars LLP**  
Chartered Accountants and Statutory Auditor  
2 Chamberlain Square  
Birmingham  
B3 3AX

4 September 2023

## SOPRA STERIA LIMITED

STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 £000	2021 £000
Turnover	3	443,593	401,170
Administrative expenses		(406,102)	(376,959)
Other operating income	4	119	890
Exceptional pension past service credit	6	15,793	-
Share-based payments	7	(1,248)	(765)
Restructuring costs		(384)	(2,413)
<b>Operating profit</b>	8	<b>51,771</b>	<b>21,923</b>
Income from shares in group undertakings	11	13,021	11,000
Interest receivable and similar income	12	7,460	3,322
Interest payable and similar expenses	13	(1,147)	(1,696)
Other finance income / (costs)	14	1,735	(1,552)
<b>Profit before tax</b>		<b>72,840</b>	<b>32,997</b>
Tax on profit	15	(13,854)	(5,355)
<b>Profit for the financial year</b>		<b>58,986</b>	<b>27,642</b>
<b>Other comprehensive income:</b>			
<b>Items that will not be reclassified to profit or loss:</b>			
Actuarial gain on defined benefit schemes	32	39,598	60,451
Deferred tax charge regarding pension contribution excess	25	(18,068)	(21,014)
Current tax credit regarding pension contribution excess	25	8,169	5,901
Change in tax rate		-	7,193
		<b>29,699</b>	<b>52,531</b>
<b>Total comprehensive income for the year</b>		<b>88,685</b>	<b>80,173</b>

The notes on pages 42 to 86 form part of these financial statements.

**SOPRA STERIA LIMITED**  
**REGISTERED NUMBER:04077975**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2022**

	Note	2022 £000	2021 £000
<b>FIXED ASSETS</b>			
Goodwill	17	49,945	49,945
Other intangible assets	18	111	166
Tangible assets	19	24,430	21,839
Investments	20	67,360	50,579
		<u>141,846</u>	<u>122,529</u>
<b>CURRENT ASSETS</b>			
Debtors: amounts falling due after more than one year	21	198,487	211,056
Debtors: amounts falling due within one year	21	79,669	87,090
Cash and cash equivalents		75,537	62,819
		<u>353,693</u>	<u>360,965</u>
Creditors: amounts falling due within one year	22	(152,736)	(138,727)
<b>NET CURRENT ASSETS</b>		<u>200,957</u>	<u>222,238</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>342,803</u>	<u>344,767</u>
Creditors: amounts falling due after more than one year	23	(15,587)	(16,909)
		<u>327,216</u>	<u>327,858</u>
<b>PROVISIONS FOR LIABILITIES</b>			
Deferred tax	25	(5,935)	-
Provisions	26	(13,612)	(17,849)
		<u>(19,547)</u>	<u>(17,849)</u>
<b>NET ASSETS EXCLUDING PENSION ASSET / LIABILITY</b>		<u>307,669</u>	<u>310,009</u>
Pension assets	32	36,433	18,394
Pension liabilities	32	-	(54,234)
<b>NET ASSETS</b>		<u><u>344,102</u></u>	<u><u>274,169</u></u>

**SOPRA STERIA LIMITED**  
**REGISTERED NUMBER:04077975**

**STATEMENT OF FINANCIAL POSITION (CONTINUED)**  
**AS AT 31 DECEMBER 2022**

	Note	2022 £000	2021 £000
<b>CAPITAL AND RESERVES</b>			
Called up share capital	27	63,053	63,053
Share premium account	28	205,927	205,927
Retained earnings		75,122	5,189
<b>SHAREHOLDER'S FUNDS</b>		<b>344,102</b>	<b>274,169</b>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 30 August 2023.

DocuSigned by:

*Maria Greene*

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**Ms M Greene**  
 Director

## SOPRA STERIA LIMITED

STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2022

	Called up share capital (note 27) £000	Share premium account (note 28) £000	Retained earnings £000	Total equity £000
<b>At 1 January 2021</b>	<b>63,053</b>	<b>205,927</b>	<b>(77,121)</b>	<b>191,859</b>
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	27,642	27,642
Actuarial gains on pension schemes (note 32)	-	-	60,451	60,451
Deferred tax charge regarding pension contribution excess	-	-	(21,014)	(21,014)
Change in tax rate	-	-	7,193	7,193
Current tax credit regarding pension contribution excess	-	-	5,901	5,901
<b>Other comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>52,531</b>	<b>52,531</b>
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>80,173</b>	<b>80,173</b>
Fair value adjustment to group loan	-	-	1,183	1,183
Change in tax rate (note 25)	-	-	189	189
Share-based payments (note 7)	-	-	765	765
<b>At 1 January 2022</b>	<b>63,053</b>	<b>205,927</b>	<b>5,189</b>	<b>274,169</b>
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	58,986	58,986
Actuarial gains on pension schemes (note 32)	-	-	39,598	39,598
Deferred tax charge regarding pension contribution excess	-	-	(18,068)	(18,068)
Current tax credit regarding pension contribution excess	-	-	8,169	8,169
<b>Other comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>29,699</b>	<b>29,699</b>
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>88,685</b>	<b>88,685</b>
Dividends paid (note 16)	-	-	(20,000)	(20,000)
Share-based payments (note 7)	-	-	1,248	1,248
<b>At 31 December 2022</b>	<b>63,053</b>	<b>205,927</b>	<b>75,122</b>	<b>344,102</b>

The notes on pages 42 to 86 form part of these financial statements.

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**SOPRA STERIA LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**1. ACCOUNTING POLICIES**

**1.1 Basis of preparation of financial statements**

The financial statements have been prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101) and the Companies Act 2006.

The Company's functional and presentational currency is Pounds Sterling and amounts are presented in round thousands (£000).

The recognition, measurement and disclosure requirements of UK-adopted International Accounting Standards 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 'Employee Benefits' and IFRS 9 'Financial Instruments' 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 accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 2).

The financial statements contain information about the Company as an individual company and do not contain consolidated information as the parent of a group. The Company is exempt from preparing group accounts under s401 of the Companies Act 2006 as at 31 December 2022, 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 principal accounting policies shown on the subsequent pages have been consistently applied to all the years presented, unless otherwise stated:

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**SOPRA STERIA LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**


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**1. ACCOUNTING POLICIES (CONTINUED)****1.2 Financial reporting standard 101 - reduced disclosure exemptions**

*In preparing these financial statements the Company has taken advantage of all disclosure exemptions conferred by FRS 101. Therefore these financial statements do not include:*

- certain comparative information as otherwise required by UK-adopted International Accounting Standards;
- certain disclosures regarding the Company's capital;
- certain disclosures regarding the Company's revenue;
- certain disclosures regarding the Company's leases;
- a statement of cash flows and related notes;
- the effect of future accounting standards not yet adopted;
- the disclosure of the remuneration of key management personnel; and
- disclosure of related party transactions with other wholly owned members of the group headed by Sopra Steria Group S.A.

In addition, and in accordance with FRS 101, further disclosure exemptions have been adopted because equivalent disclosures are included in the consolidated financial statements of Sopra Steria Group S.A. These financial statements do not include certain disclosures in respect of:

- Share-based payments;
- 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;
- Financial Instruments (other than certain disclosures required as a result of recording financial instruments at fair value);
- Fair value measurement (other than certain disclosures required as a result of recording financial instruments at fair value); and
- Impairment of assets.

The financial statements of Sopra Steria Group S.A can be obtained as described in note 34.

**1.3 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:

	UK-adopted effective date, periods beginning on or after
• Reference to the Conceptual Framework (Amendments to IFRS 3)	1 January 2022
• Property, Plant and Equipment — Proceeds before Intended Use (Amendments to IAS 16)	1 January 2022
• Onerous Contracts — Cost of Fulfilling a Contract (Amendments to IAS 37)	1 January 2022
• Annual Improvements to IFRS Standards 2018–2020	1 January 2022

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**SOPRA STERIA LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**1. ACCOUNTING POLICIES (CONTINUED)**

**1.4 Going concern**

The Company's business activities, together with the factors likely to affect its future development and position, are set out in the Business Review section of the Strategic Report along with the Company's financial risk management processes.

The business budgeting process includes preparing a detailed financial plan for the year ahead. This is supplemented with a higher level four-year business plan. The budget and business plan have been used to perform a going concern assessment for a period of 12 months from the date of approval of the accounts.

The Company develops its strategy and capital investment decisions based on projected cash flows and risk assessment over the duration of the required investment. This process allows a detailed analysis of potential risks materialising and enables the Company to mitigate them.

The Company has adequate financial resources together with long-term contracts with a number of customers and suppliers across different geographic areas. The Company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Company should be able to operate within the level of its current loan facilities. Stress-testing has been performed assuming a 10% reduction in sales and cash collected. The Company would still have significant headroom before any other sources of financing were required. As a consequence, the Directors believe that the Company is well placed to manage its business risks successfully.

The Company is expected to continue to generate sufficient cash flows on its own account for the foreseeable future. The Company participates in the Group's centralised treasury arrangements and so shares banking arrangements with its parent and fellow subsidiaries. The Directors, having assessed the responses of the directors of the Company's ultimate parent Sopra Steria Group S.A. to their enquiries have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the Sopra Steria Group to continue as a going concern or its ability to continue with the current banking arrangements.

Based on the robust risk mitigation process and taking into account the current financial position, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

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**SOPRA STERIA LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**1. ACCOUNTING POLICIES (CONTINUED)****1.5 Revenue**

Revenue is measured based on the consideration to which the Company expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties.

The Company recognises revenue when performance obligations have been satisfied. This is when the customer has control, as described below.

The Company has contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, if the impact is significant, the Company adjusts the transaction prices of these contracts for the time value of money and the associated financing income is shown separately from revenue within interest receivable and similar income. Normally, the satisfaction of performance obligations aligns closely to the timing of customer payment, with short-term timing differences recorded in contract assets (accrued income) or contract liabilities as appropriate.

Where a customer pays a fixed amount based on a payment schedule, there may be a difference between services rendered and payment received. If the services rendered by the Company exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.

**Sale of goods**

Revenue from the sale of goods is recognised on the satisfaction of performance obligations, such as the transfer of a promised good, identified in the contract between the Company and the customer.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

**Rendering of services**

Revenue from providing services is recognised in the accounting period in which the services are rendered.

For fixed-price subscription or maintenance contracts, revenue is recognised using the output method, based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided because the customer receives and uses the benefits simultaneously.

For fixed price deliverable contracts where revenue can be taken over time, revenue is recognised using the input method based on the stage of completion. The stage of completion is determined as the proportion of costs incurred (including labour hours) to total costs expected to be incurred.

If the contract is based on a daily fee, revenue is recognised in the amount to which the Company has a right to invoice. Customers are invoiced on a monthly basis.

**Long-term contracts with multiple performance obligations**

Where contracts include multiple performance obligations, the transaction price will be allocated to each performance obligation based on the stand-alone selling prices. Where these are not directly observable, they are estimated based on expected cost plus margin.

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**SOPRA STERIA LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**1. ACCOUNTING POLICIES (CONTINUED)****1.5 Revenue (continued)**

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

The Company often enters into contracts that have delivery penalties such as service credits and milestone delay payments. At contract inception, the Company uses its accumulated historical experience to estimate the expected reduction in the transaction price for such refunds. This assessment is updated regularly once the contract has commenced with any subsequent remeasurement being treated as an adjustment to revenue.

**Costs to fulfil a contract**

Costs are expensed as incurred unless they relate directly to a contract (or a specifically identifiable, anticipated contract), the costs generate or enhance resources to be used in satisfying performance obligations and the costs are expected to be recovered, such costs are recognised as an asset until revenue can be recognised.

**Principal versus agent**

Where the Company's performance obligations involve the provision of a specified good or service by another party, the Company considers whether it acts as principal or agent in the transaction. This includes considering who has primary responsibility for the delivery, the level of risk undertaken and any discretion in the contract price and terms.

Where the Company does not control the specified good or service provided by another party before that good or service is transferred to the customer, the Company recognises revenue only to the value of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party.

**1.6 Income from investments**

Dividends received are included in the Statement of Comprehensive Income in the period in which the right to receive payment is established. Usually, this is when the dividends are received.

**1.7 Leases****The Company as a lessee**

The Company leases various properties, vehicles and equipment. Rental contracts are typically for fixed periods of 3 to 5 years for equipment, 3 to 4 years for vehicles and 5 to 10 years for property, although the ground lease on the Hemel Hempstead office buildings are for a longer period, running to 2053 and 2106.

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**SOPRA STERIA LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**1. ACCOUNTING POLICIES (CONTINUED)****1.7 Leases (continued)**

The Company assesses whether a contract is or contains a lease, at inception of a contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate based on Group financing operations.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease-term reflects the exercise of an option to terminate the lease.

The lease liability is included in 'Creditors' in the Statement of Financial Position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made, with a corresponding charge to the Statement of Comprehensive Income for the interest and a credit to bank for the lease payments.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever the lease-term has changed or there is a change in the assessment of a purchase option, in which case the lease liability is remeasured by discounting the revised payment stream.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. The costs are included in the related right-of-use asset.

Right-of-use assets are depreciated over the shorter period of lease-term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

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**SOPRA STERIA LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**1. ACCOUNTING POLICIES (CONTINUED)**

**1.7 Leases (continued)**

The right-of-use assets are included in the 'Tangible Assets' line in the Statement of Financial Position.

The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in note 1.10.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has not used this practical expedient.

**1.8 Goodwill and impairment of 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.

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. The Directors have chosen 20 years, as that is the period over which benefits are expected to be derived. It has been deemed that the non-amortisation of goodwill is a departure from applicable legislation, for the overriding purpose of giving a true and fair view. The effect of this departure has been quantified as an increase to profits of £2,132 thousand (2021: £3,508 thousand) and an increase to equity of £28,401 thousand (2021: £26,269 thousand).

**1.9 Intangible assets**

Software and licences are included as part of Intangible Assets. Licences include amounts paid for the right to sell services to third parties.

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

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.

Amortisation is provided on all intangible assets so as to write off cost less residual value over their anticipated useful lives on a straight-line basis. This amortisation is charged to administrative expenses in the Statement of Comprehensive Income.

The estimated useful lives range as follows:

Software and licences	-	1 to 10 years, according to the licence period
Internally developed software	-	2 to 5 years
Other intangible assets	-	10 years, or the debenture period

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**SOPRA STERIA LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**1. ACCOUNTING POLICIES (CONTINUED)****1.10 Tangible assets**

Tangible assets 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 basis of the following estimated useful lives:

Right-of use property	- Over the period of the lease, or 25 to 40 years
Plant and machinery	- 3 to 15 years
Right-of-use motor vehicles	- Over the period of the lease
Right-of-use equipment	- Over the period of the lease

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 profit or loss.

**1.11 Valuation of investments**

Investments in subsidiaries and related companies are measured at cost less accumulated impairment.

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.

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**SOPRA STERIA LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**1. ACCOUNTING POLICIES (CONTINUED)****1.12 Impairment of fixed assets**

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is an indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit (CGU) to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows. Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

An impairment loss in respect of goodwill is not reversed.

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

**1.13 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:

The Company has entered into transactions designed to hedge its exposure to foreign currency risk through the use of derivatives as part of its overall risk management policy. Derivatives are recognised at fair value in the Statement of Financial Position.

Changes in the fair value of derivatives not qualifying for hedge accounting are recognised directly in profit or loss for the period.

Hedging instruments that satisfy hedge accounting criteria are recognised as follows:

a. Fair value hedges

Changes in the fair value of a derivative designated as a fair value hedge are recognised in profit or loss (within interest receivable and similar income or interest payable and similar expenses).

b. Cash flow hedges

The gain or loss corresponding to the effective portion of the hedging instrument is recognised directly in equity as other comprehensive income, while the ineffective portion is taken to profit or loss (within interest receivable and similar income or interest payable and similar expenses).

**Financial assets**

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

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**SOPRA STERIA LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**1. ACCOUNTING POLICIES (CONTINUED)****Financial instruments (continued)**

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

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.

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 Statement of Comprehensive Income. On confirmation that the trade receivable will not be collected, the gross carrying value of the asset is written off against the associated provision.

The Company recognises lifetime expected credit losses (ECL) for trade receivables and amounts due on contracts with customers. The expected credit losses on these financial assets are estimated based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

Where receivables due from group companies after one year have an interest rate that is not considered to be a market rate, the carrying value of such an instrument is adjusted to its fair value using a discount rate based on interest rates available in similar situations. Adjustments to the fair value caused by changes in the market interest rate, or the deferred tax rate are charged or credited directly to reserves in the Statement of Changes in Equity.

**Financial liabilities**

The Company initially recognises all of its financial liabilities 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.

Financial liabilities at amortised cost include amounts owed to group undertakings, bank overdrafts, lease liabilities and trade creditors.

**1.14 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.

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**SOPRA STERIA LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**1. ACCOUNTING POLICIES (CONTINUED)**

**1.15 Foreign currency translation**

**Functional and presentation currency**

The Company's functional and presentational currency is Pounds Sterling and amounts are presented in round thousands (£000).

**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 profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses are presented in the Statement of Comprehensive Income within administrative expenses.

**1.16 Finance and borrowing costs**

Finance costs are charged to profit or loss 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.

**1.17 Dividends**

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

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**SOPRA STERIA LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**1. ACCOUNTING POLICIES (CONTINUED)**

**1.18 Share-based payments**

The Company participates in an employee share scheme in which the Company receives services from employees as consideration for equity instruments (options) of Sopra Steria S.A.

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to profit or loss over the vesting period with a corresponding credit to retained earnings. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options 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 are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period.

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**SOPRA STERIA LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**1. ACCOUNTING POLICIES (CONTINUED)****1.19 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 profit or loss 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 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 asset / 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 out of which the obligations are to be settled.

The defined benefit obligation is calculated using the projected unit credit method. Twice 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 Pounds 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 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 on defined benefit pension schemes'.

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.

When determining past service cost / credit resultant from benefit changes, curtailments or settlements, the Company re-measures the defined benefit liability / asset using current actuarial assumptions and fair value of plan assets to reflect the benefits offered by the plan just before and just after the amendment, curtailment or settlement. The past service cost / credit is recorded at the earlier of the date of the amendment and the date when any related restructuring costs would be recorded.

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 a 'finance expense'.

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**SOPRA STERIA LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**1. ACCOUNTING POLICIES (CONTINUED)****1.19 Pensions (continued)**

Upon wind-up of the scheme, any surplus will be returned to the Company, net of a tax charge, in line with the scheme rules.

**1.20 Interest income**

Interest income is recognised in profit or loss using the effective interest method.

**1.21 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, as well as the time value of money. The increase in the provision due to passage of time is recognised as an interest expense.

When the economic benefits required to settle a provision are expected to be received from a third party, a receivable is recognised as an asset only if it is virtually certain that the reimbursement will be received and the amount can be measured reliably.

**Onerous contracts**

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Company has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received.

**Restructuring**

A restructuring provision is recognised when the Company has developed a detailed, formal plan for the restructuring and has raised a valid expectation in those affected that the restructuring will be carried out by announcing its main features or starting to implement the plan. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the Company.

**Dilapidations**

Where property leases require a property to be returned to its original state on expiration of the lease, a provision is recognised, discounted to take account of the timing of expected cash flows.

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**SOPRA STERIA LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**1. ACCOUNTING POLICIES (CONTINUED)**

**1.22 Current and deferred taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss 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 reporting 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.

**1.23 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.

**1.24 Research and development**

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset is technically feasible, will generate probable future economic benefits, resources are available to complete development, and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 2 to 5 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

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**SOPRA STERIA LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**2. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

In the application of the Company's accounting policies, which are described in note 1, the Directors are required to make judgments, estimates and assumptions about the carrying amounts 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 estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical accounting judgments and key sources of estimation uncertainty that the Directors have considered in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements. The critical accounting judgments and key sources of estimation uncertainty are as follows:

**Critical accounting judgments****Defined benefit pension obligations**

The valuation of the defined benefit pension obligation requires assumptions to be selected, in particular the discount rate used. The Directors take advice from independent actuaries in order to ensure that the assumptions selected are appropriate. Further details including carrying amounts, assumptions used and sensitivity analysis are contained in note 32.

The Company has engaged with external counsel who have advised that upon wind-up of the scheme, in line with the scheme rules, there is an unconditional right for any surplus to be returned to the Company, net of a withholding tax charge.

**Taxation**

Management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies. Further details are contained in note 25.

**Lease accounting**

Lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Company, then the Company's incremental borrowing rate is used, being the rate that the Company would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

In determining the lease-term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease-term if the lease is reasonably certain to be extended (or not terminated).

The lease-term is reassessed if an option is actually exercised (or not exercised) or the Company becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee. Further details are contained in note 24.

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## SOPRA STERIA LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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## 2. JUDGMENTS IN APPLYING ACCOUNTING POLICIES (CONTINUED)

### Put options

In valuing put options, the Company makes assumptions about the future performance of its subsidiaries, based on the best and reasonably available evidence. Sensitivity surrounding assumptions about future earnings, choice of discount rates, selection of the most appropriate measurement date, and management judgment when assessing for indicators of impairment could have a significant effect on the fair value of any reported derivative financial liability.

### Key sources of estimation uncertainty

#### Contractual issues

The estimation of the financial effect of contractual issues (see note 26) is inherently uncertain. Management have provided for the financial effect based on their knowledge of the contractual position and, where appropriate, after taking legal advice and considering a range of possible outcomes, assuming a best, worst and likely outcome.

#### Investment valuation

Determining whether the Company's investments in subsidiaries and jointly-controlled entities have been impaired requires estimations of the investments' recoverable amount. The value in use calculations require the Company to estimate the future cash flows expected to arise from the investments and suitable discount rates in order to calculate present values that reflect current market assessments of the time value of money and the risks specific to the asset. The fair value of the investment less costs of disposal requires the Company to estimate the price at which an orderly transaction to sell the investment between market participants under current market conditions would conclude. Further details are contained in note 20.

For Sopra Steria Financial Services Limited, management has performed sensitivity analysis on key assumptions such as the discount rate and perpetual growth rate:

- Two percentage point increase in the discount rate; or
- One percentage point decrease in the perpetual growth rate; and or
- The combination of one percentage point increase in the discount rate and a half a percentage point decrease in the perpetual growth rate.

Additional to this, different scenarios were created to model the impact various reasonably possible outcomes would have on key assumptions such as operating margin and revenue.

These additional tests did not give rise to any impairment losses.

#### Long-term fixed price contracts

Certain fixed price contracts span more than one accounting period and can have a duration of several years. The Company's accounting policies for these projects require revenue and costs to be allocated to individual accounting periods and the consequent recognition at period-end of accrued or deferred income for projects still in progress. At 31 December 2022, the amount of accrued revenue relating to such projects was £6,887 thousand (2021: £6,888 thousand) and the amount of such deferred income £1,787 thousand (2021: £832 thousand).

Management apply judgment in estimating the total revenue and total costs expected on each project. Such estimates are revised as a project progresses to reflect the current status of the project and the latest information available to management. The service teams regularly review contract progress to ensure the latest estimates are appropriate.

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**SOPRA STERIA LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**2. JUDGMENTS IN APPLYING ACCOUNTING POLICIES (CONTINUED)**

The Company often enters into contracts that require significant upfront costs to enable delivery over the contract term. These include mobilisation, transition and contract specific system costs. Sometimes these costs are spread over the term of the contract through systematic amortisation of costs. The costs carried forward are assessed each year-end against the estimated profitability of the contract as a whole. This assessment is inherently judgmental, due to assumptions being made in respect of future events such as achievement of KPIs and future contract milestones. Further details are contained in note 1.5.

**Impairment of goodwill**

The Company is required to test, on an annual basis, whether goodwill has suffered any impairment. The recoverable amount is determined based on value in use calculations. The use of this method requires the estimation of future cash flows and the choice of a discount rate in order to calculate the present value of the cash flows. The Company performed a sensitivity analysis to key inputs and noted that a reasonable movement in key inputs did not result in an impairment of the goodwill. More information on carrying values is included in note 17. Information on the discount rates and key judgements are included in the notes to the financial statements of Sopra Steria Group S.A.

**Dilapidation provisions**

As discussed in note 26, the Company provides for the estimated cost of restoring properties to their original state at expiration of the lease. This requires estimates of the future cost which is usually calculated by external advisors, based on the floor area of the property in question, as well as property age, location and the extent of refurbishment required. The discount rate chosen to calculate the present value of cash flows will also affect the provision value, especially where lease-terms extend far into the future. A sensitivity analysis has been performed on the discount rate used and if the discount rate increased / decreased by 0.5%, then the provision would decrease / increase by £777 thousand / £1,120 thousand respectively.

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**SOPRA STERIA LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**


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**3. TURNOVER**

All turnover relates to computing, consultancy and business processing outsourcing services. An analysis of turnover by sector is as follows:

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
Government and Transport	<b>215,989</b>	<b>212,462</b>
Aerospace, Defence and Security	<b>125,408</b>	<b>103,064</b>
Private	<b>88,555</b>	<b>81,331</b>
Central	<b>13,641</b>	<b>4,313</b>
	<b>443,593</b>	<b>401,170</b>

Analysis of turnover by country of destination:

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
United Kingdom	<b>431,847</b>	<b>391,894</b>
Rest of Europe	<b>9,769</b>	<b>7,935</b>
Rest of the world	<b>1,977</b>	<b>1,341</b>
	<b>443,593</b>	<b>401,170</b>

Revenue recognised in the reporting period that was included in the deferred income balance at the beginning of the period amounted to £16,791 thousand (2021: £16,060 thousand).

**4. OTHER OPERATING INCOME**

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
Rental income	<b>119</b>	<b>890</b>
	<b>119</b>	<b>890</b>

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**SOPRA STERIA LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**5. AUDITOR'S REMUNERATION**

During the year, the Company obtained the following services from the Company's auditor and its associates:

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
Fees payable to the Company's auditor and its associates for the audit of the Company's financial statements	<b>241</b>	<b>238</b>

**6. EXCEPTIONAL ITEMS**

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
Pension past service credit	<b>15,793</b>	<b>-</b>

During the year, the Company and pension trustees agreed to various benefit changes leading to pension increases being based on CPIH rather than RPI from 2023. A one-off 1% increase to all members' benefits in payment that were linked to RPI was also agreed.

Additionally, a Pension Increase Exchange was completed in December 2022.

The impact of these changes is a reduction in the plan liabilities which has been treated as a past service credit (see note 32).

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**SOPRA STERIA LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**


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**7. 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 years.

**Matching and Partnership Shares (SIP)**

The current SIP was introduced in March 2016. For the year ended 31 December 2022, the Company set a matching level of one matching share for every one partnership share purchased.

**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; and
- 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 weighted average remaining contractual life of these free performance shares is 2.0 years (2021: 2.4 years).

The Company's share-based payment arrangements are entirely equity-settled and resulted in an expense in the year of £1,248 thousand (2021: £765 thousand). Sopra Steria Group S.A. is obligated for the settlement of the shares.

**8. OPERATING PROFIT**

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

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
Depreciation of tangible assets (note 19)	<b>4,204</b>	4,287
Amortisation of intangible assets (note 18)	<b>89</b>	13,507
Loss on disposal of tangible assets	<b>7</b>	805
Loss on disposal of intangible assets	<b>-</b>	287
Exchange differences	<b>(138)</b>	168
Share-based payments (note 7)	<b>1,248</b>	765
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**SOPRA STERIA LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**


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**9. EMPLOYEES**

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

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
Wages and salaries	<b>154,808</b>	<b>146,194</b>
Social security costs	<b>18,878</b>	<b>17,356</b>
Pension costs - defined benefit schemes (current service cost)	<b>1,286</b>	<b>1,708</b>
Pension costs - defined contribution schemes	<b>18,758</b>	<b>17,685</b>
Share-based payments	<b>1,248</b>	<b>765</b>
	<b>194,978</b>	<b>183,708</b>

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

	<b>2022</b>	<b>2021</b>
	<b>No.</b>	<b>No.</b>
Operations	<b>2,225</b>	<b>2,234</b>
Administration	<b>339</b>	<b>337</b>
	<b>2,564</b>	<b>2,571</b>

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**SOPRA STERIA LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**10. DIRECTORS' REMUNERATION**

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
Directors' emoluments	<b>1,503</b>	<b>1,499</b>

The highest paid Director received remuneration of £851 thousand (2021: £823 thousand).

The total accrued pension provision of the highest paid Director at 31 December 2022 amounted to £55 thousand (2021: £52 thousand).

The value of the Company's contributions paid to both defined contribution and defined benefit pension schemes in respect of the highest paid Director amounted to £nil (2021: £nil).

During the year 2 Directors received shares under long-term incentive schemes and exercised options on the vesting of those schemes (2021: 2).

The Directors of the Company are also directors of other group companies in the United Kingdom. The Directors received total remuneration for the year from these companies of £1,503 thousand (2021: £1,499 thousand), 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 SHARES IN GROUP UNDERTAKINGS**

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
Dividend received from Shared Services Connected Ltd	<b>10,500</b>	<b>9,000</b>
Dividend received from NHS Shared Business Services Limited	<b>2,000</b>	<b>2,000</b>
Dividend received from Sopra Group Holding Ltd	<b>521</b>	<b>-</b>
	<b>13,021</b>	<b>11,000</b>

**12. INTEREST RECEIVABLE AND SIMILAR INCOME**

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
Interest receivable from group companies	<b>6,088</b>	<b>2,926</b>
Gains on fair value hedging instruments	<b>36</b>	<b>310</b>
Other interest receivable	<b>1,336</b>	<b>86</b>
	<b>7,460</b>	<b>3,322</b>

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**SOPRA STERIA LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**


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**13. INTEREST PAYABLE AND SIMILAR EXPENSES**

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
Discount unwind on provisions	<b>72</b>	<b>102</b>
Losses on fair value hedging instruments	<b>70</b>	<b>373</b>
Interest on lease liabilities	<b>605</b>	<b>585</b>
Other group interest payable	<b>388</b>	<b>623</b>
Other interest payable	<b>12</b>	<b>13</b>
	<b>1,147</b>	<b>1,696</b>

**14. OTHER FINANCE INCOME / COSTS**

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
Interest income on defined benefit pension scheme assets (note 32)	<b>37,368</b>	<b>20,619</b>
Net interest expense on net defined benefit pension scheme obligation (note 32)	<b>(35,633)</b>	<b>(22,171)</b>
	<b>1,735</b>	<b>(1,552)</b>

**15. TAXATION**

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
<b>CORPORATION TAX</b>		
Current tax on profits for the year	<b>13,721</b>	<b>5,396</b>
Adjustments in respect of previous periods	<b>916</b>	<b>(67)</b>
<b>TOTAL CURRENT TAX</b>	<b>14,637</b>	<b>5,329</b>
<b>DEFERRED TAX</b>		
Deferred tax - current year	<b>(64)</b>	<b>367</b>
Deferred tax - prior year	<b>(719)</b>	<b>(341)</b>
<b>TOTAL DEFERRED TAX</b>	<b>(783)</b>	<b>26</b>
<b>TAXATION ON PROFIT ON ORDINARY ACTIVITIES</b>	<b>13,854</b>	<b>5,355</b>

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**SOPRA STERIA LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**


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**15. TAXATION (CONTINUED)****FACTORS AFFECTING TAX CHARGE FOR THE YEAR**

The tax assessed for the year is higher than (2021: *lower than*) the standard rate of corporation tax in the UK of 19% (2021: 19%). The differences are explained below:

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
Profit on ordinary activities before tax	<b>72,840</b>	<b>32,997</b>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021: 19%)	<b>13,840</b>	<b>6,269</b>
<b>EFFECTS OF:</b>		
Expenses not deductible for tax purposes	<b>348</b>	<b>251</b>
Non-taxable dividend income	<b>(2,474)</b>	<b>(2,090)</b>
Share-based payments	<b>237</b>	<b>145</b>
Tax relief on share awards	<b>(5)</b>	<b>(152)</b>
Tax relief on shares transferred to SIP	<b>(143)</b>	<b>(162)</b>
Rate difference regarding deferred tax	<b>1,854</b>	<b>1,502</b>
Adjustments to tax charge in respect of prior periods	<b>197</b>	<b>(408)</b>
<b>TOTAL TAX CHARGE FOR THE YEAR</b>	<b>13,854</b>	<b>5,355</b>

**FACTORS THAT MAY AFFECT FUTURE TAX CHARGES**

The 2021 Finance Act provides that the main rate of corporation tax will increase to 25% with effect from 1 April 2023. As this legislation had been substantively enacted at the end of the reporting period, the impact of the enacted tax rates on the deferred tax balances carried forward has been included in these accounts.

**16. DIVIDENDS**

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
Dividends paid - 31.72 pence per share (2021: £ nil)	<b>20,000</b>	<b>-</b>

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**SOPRA STERIA LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**17. GOODWILL**

	<b>2022 £000</b>
<b>Cost</b>	
At 1 January 2022	<b>58,532</b>
At 31 December 2022	<b>58,532</b>
<b>Amortisation</b>	
At 1 January 2022	<b>8,587</b>
At 31 December 2022	<b>8,587</b>
<b>Net book value</b>	
At 31 December 2022	<b>49,945</b>
At 31 December 2021	<b>49,945</b>

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**SOPRA STERIA LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**


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**18. INTANGIBLE ASSETS**

	Software and licences £000	Other intangible assets £000	Internally developed software £000	Total £000
<b>Cost</b>				
At 1 January 2022	10,387	16	5,002	15,405
Additions	34	-	-	34
Disposals	(224)	-	-	(224)
At 31 December 2022	<u>10,197</u>	<u>16</u>	<u>5,002</u>	<u>15,215</u>
<b>Amortisation</b>				
At 1 January 2022	10,228	9	5,002	15,239
Charge for the year	89	-	-	89
On disposals	(224)	-	-	(224)
At 31 December 2022	<u>10,093</u>	<u>9</u>	<u>5,002</u>	<u>15,104</u>
<b>Net book value</b>				
At 31 December 2022	<u>104</u>	<u>7</u>	<u>-</u>	<u>111</u>
<i>At 31 December 2021</i>	<u>159</u>	<u>7</u>	<u>-</u>	<u>166</u>

## SOPRA STERIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022

## 19. TANGIBLE ASSETS

	Right-of-use property £000	Plant and machinery £000	Right-of-use motor vehicles £000	Right-of-use equipment £000	Total £000
<b>Cost</b>					
At 1 January 2022	27,971	29,065	2,276	2,339	61,651
Additions	1,780	4,838	316	58	6,992
Disposals	(1,001)	(2,823)	(349)	(1,827)	(6,000)
At 31 December 2022	28,750	31,080	2,243	570	62,643
<b>Depreciation</b>					
At 1 January 2022	10,665	25,633	1,402	2,112	39,812
Charge for the year on owned assets	-	1,259	-	-	1,259
Charge for the year on right- of-use assets	2,200	-	600	145	2,945
Disposals	(851)	(2,819)	(348)	(1,785)	(5,803)
At 31 December 2022	12,014	24,073	1,654	472	38,213
<b>Net book value</b>					
At 31 December 2022	16,736	7,007	589	98	24,430
At 31 December 2021	17,306	3,432	874	227	21,839

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**SOPRA STERIA LIMITED**


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FOR THE YEAR ENDED 31 DECEMBER 2022**


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**19. TANGIBLE ASSETS (CONTINUED)**

Information about right-of-use assets is summarised below:

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
<b>Depreciation charge for the year ended</b>		
Property (including impairment charges)	<b>2,200</b>	<b>942</b>
Motor vehicles	<b>600</b>	<b>628</b>
Equipment	<b>145</b>	<b>666</b>
	<b>2,945</b>	<b>2,236</b>
	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
<b>Additions</b>		
Additions to right-of-use assets	<b>2,154</b>	<b>1,102</b>

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**SOPRA STERIA LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**


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**20. INVESTMENTS**

	Investments in subsidiary companies £000	Investments in joint ventures £000	Total £000
<b>Cost</b>			
At 1 January 2022	92,310	500	92,810
Additions	14,702	2,600	17,302
Disposals	(42,752)	-	(42,752)
At 31 December 2022	64,260	3,100	67,360
<b>Impairment</b>			
At 1 January 2022	42,231	-	42,231
Disposals	(42,231)	-	(42,231)
At 31 December 2022	-	-	-
<b>Net book value</b>			
At 31 December 2022	64,260	3,100	67,360
At 31 December 2021	50,079	500	50,579

On 4 August 2022, the Company completed the acquisition of 100% of the share capital of Graffica Limited, a company whose principal activity is the provision of transport sector technology services. The fair value of consideration was measured at £7.9 million to be settled entirely in cash.

The Company also extended its investments in CeleScan Limited, acquiring 2,600,000 £1 preference shares at par value and Sopra Steria Financial Services Limited, injecting £7,606 thousand further capital.

The disposal relates to Sopra Group Holding Limited which has now been liquidated, leading to £521 thousand being paid to the Company by way of dividend, as disclosed in note 11.

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**SOPRA STERIA LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**


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**20. INVESTMENTS (CONTINUED)****SUBSIDIARY UNDERTAKINGS**

The following are subsidiary undertakings of the Company:

<b>Name</b>	<b>Principal activity</b>	<b>Class of shares</b>	<b>Holding %</b>
NHS Shared Business Services Limited	Business process outsourcing	Ordinary	50
Shared Services Connected Ltd	Business process outsourcing	Ordinary	75
Sopra Steria Financial Services Limited	Debt management	Ordinary	100
NHS Shared Employee Services Limited	Dormant	Ordinary	51
Steria BSP Limited	Dormant	Ordinary	100
Steria (Retirement Plan) Trustees Limited	Corporate trustee	Ordinary	100
Steria (Pension Plan) Trustees Limited	Corporate trustee	Ordinary	100
Steria (Management Plan) Trustees Limited	Corporate trustee	Ordinary	100
Sopra Steria (Retirement Benefits Scheme) Trustees Limited	Corporate trustee	Ordinary	100
Steria (Pooled Investments) Trustees Limited	Corporate trustee	Ordinary	100
Graffica Limited	Information technology	Ordinary	100
cxpartners Limited	Consultancy	Ordinary	100

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

**RELATED COMPANIES**

The Company holds an investment in the following related company whose registered office is also Three Cherry Trees Lane, Hemel Hempstead, Hertfordshire, HP2 7AH. Although Sopra Steria Limited holds 51% of the share capital, it is not deemed to control the entity:

<b>Name</b>	<b>Principal activity</b>	<b>Class of shares</b>	<b>Holding %</b>
CeleScan Limited	MRI scanning	Ordinary	51

The Company performs impairment reviews on its investments where there are indicators of impairment, as required by IAS 36 Impairment of Assets. This includes sensitivity analysis on the discount rates used which confirm that a 0.5% change in discount rate would not affect the conclusions reached.

Under its put options, up until 1 January 2024, the minority shareholder of Shared Services Connected Ltd (SSCL) can require the Company to purchase its investments in SSCL at the higher of specific contractually set formula values linked to SSCL's net cash / debt positions and earnings or fair value of the minority shareholder's equity shareholding as valued by an independent expert, by reference to the fair value of SSCL as a whole.

In deriving the fair value, the Company has used an income approach, relying on both SSCL's historical results and future financial performance forecasts. This approach is subject to a high degree of valuation uncertainty, with the key assumptions limiting the accuracy of the SSCL option valuation being:

- the future financial position of SSCL;
- the discount factor that a willing market participant would apply attributable to SSCL's non-traded status.

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**SOPRA STERIA LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**


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**21. DEBTORS**

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
<b>DUE AFTER MORE THAN ONE YEAR</b>		
Amounts owed by group undertakings	<b>198,345</b>	<b>199,573</b>
Deferred tax asset	<b>-</b>	<b>11,350</b>
Cash flow hedge assets	<b>142</b>	<b>133</b>
	<b>198,487</b>	<b>211,056</b>
	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
<b>DUE WITHIN ONE YEAR</b>		
Trade debtors	<b>14,712</b>	<b>26,621</b>
Amounts owed by group undertakings	<b>7,870</b>	<b>11,866</b>
Amounts owed by joint ventures	<b>614</b>	<b>1,042</b>
Other debtors	<b>1,141</b>	<b>789</b>
Prepayments and accrued income	<b>34,518</b>	<b>30,859</b>
Amounts recoverable on long-term contracts	<b>20,017</b>	<b>14,672</b>
Tax recoverable	<b>-</b>	<b>300</b>
Fair value hedge assets	<b>797</b>	<b>867</b>
Contract assets	<b>-</b>	<b>74</b>
	<b>79,669</b>	<b>87,090</b>

The Company's contract assets represent balances where an enforceable right to consideration requires more than just the passage of time or administrative effort. Where a right to consideration exists, but the billing schedule leads to revenue in advance of invoicing, the Company shows such balances as accrued income.

Amounts recoverable on long-term contracts represent cost, deferred in accordance with IFRS 15, where the related performance obligation is incomplete. Amortisation of this balance charged to the Statement of Comprehensive Income in the year amounted to £2,854 thousand (2021: £2,687 thousand).

Amounts owed by group undertakings and related parties due with one year are unsecured and can be recalled on demand. No interest is received on these short-term balances. The amounts owed by group undertakings due after more than one year attract interest at 1.5% above the Bank of England base rate and are due in 2026.

No expected credit loss provision has been recorded against trade debtors or amounts owed by group or related undertakings (2021: £nil).

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**SOPRA STERIA LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**22. CREDITORS: Amounts falling due within one year**

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
Bank overdrafts	41	-
Trade creditors	4,180	2,105
Amounts owed to group undertakings	36,238	34,633
Corporation tax	4,661	-
Other taxation and social security	8,383	8,980
Lease liabilities	2,731	2,900
Other creditors	11,147	11,499
Accruals	48,769	42,203
Fair value hedge liabilities	870	906
Deferred income	35,716	35,501
	<u>152,736</u>	<u>138,727</u>

The Amounts owed to Group undertakings are non-interest-bearing and repayable on demand.

As described in note 33, the Company provides payroll services to NHS Shared Business Services Limited and Shared Services Connected Ltd. Consequently, the payroll creditors (including income tax, national insurance and pensions) relating to these companies are included in the Company's creditor balances above.

**23. CREDITORS: Amounts falling due after more than one year**

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
Lease liabilities	15,445	16,439
Other creditors	-	337
Cash flow hedge liabilities	142	133
	<u>15,587</u>	<u>16,909</u>

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**SOPRA STERIA LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**


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**24. LEASES****Company as a lessee**

The Company leases its property and vehicle requirements as well as certain equipment where there are cash flow, financing or risk benefits from doing so.

Lease liabilities are due as follows:

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
Not later than one year	<b>2,731</b>	<b>2,900</b>
Between one year and five years	<b>7,218</b>	<b>6,673</b>
Later than five years	<b>8,227</b>	<b>9,766</b>
	<b>18,176</b>	<b>19,339</b>

Contractual undiscounted cash flows are due as follows:

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
Not later than one year	<b>3,161</b>	<b>3,548</b>
Between one year and five years	<b>8,832</b>	<b>10,150</b>
Later than five years	<b>18,590</b>	<b>20,562</b>
	<b>30,583</b>	<b>34,260</b>

Cash flow projections regularly received by The Board indicate that the Company is expected to have sufficient liquid resources to meet its lease obligations under all reasonably expected circumstances.

The following amounts in respect of leases, where the Company is a lessee, have been recognised in the year:

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
Interest on lease liabilities	<b>605</b>	<b>585</b>
Expenses relating to short-term leases	<b>1,854</b>	<b>1,825</b>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	<b>48</b>	<b>48</b>
Total cash outflow for leases	<b>3,520</b>	<b>4,720</b>

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**SOPRA STERIA LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
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**24. LEASES (CONTINUED)**

**Extension and termination options**

The Company's vehicle leases are often extended informally beyond the lease end-date.

The Company leases various properties under a ten-year lease, where there is a break clause after 5 years. Future cash outflows in periods after the date on which an extension option or termination option may be exercised are only included in lease liabilities if it is reasonably certain that a lease will be extended or will not be terminated. Lease liabilities and right-of-use assets not recognised in respect of these properties have a discounted value of £1.5 million.

## SOPRA STERIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
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## 25. DEFERRED TAXATION

	Accelerated capital allowances £000	Short-term timing differences £000	Imputed interest £000	Pension deficit / surplus £000	Cashflow hedges £000	Total £000
At 1 January 2021	1,080	948	596	22,780	(14)	25,390
Charged to profit or loss	(100)	(178)	(388)	-	-	(666)
Charged to other comprehensive income	-	-	-	(21,014)	-	(21,014)
Charged to reserves	-	-	(397)	-	-	(397)
Effect of change in tax rate in:						
- profit or loss	341	299	-	-	-	640
- other comprehensive income	-	-	-	7,193	-	7,193
- reserves	-	-	189	-	-	189
Other adjustments	-	-	-	1	14	15
<b>At 1 January 2022</b>	<b>1,321</b>	<b>1,069</b>	<b>-</b>	<b>8,960</b>	<b>-</b>	<b>11,350</b>
(Charged) / credited to profit or loss	(188)	971	-	-	-	783
Charged to other comprehensive income	-	-	-	(18,068)	-	(18,068)
Charged to reserves	-	-	-	-	-	-
Effect of change in tax rate in:						
- profit or loss	-	-	-	-	-	-
- other comprehensive income	-	-	-	-	-	-
- reserves	-	-	-	-	-	-
Other adjustments	-	-	-	-	-	-
<b>At 31 December 2022</b>	<b>1,133</b>	<b>2,040</b>	<b>-</b>	<b>(9,108)</b>	<b>-</b>	<b>(5,935)</b>

Deferred tax assets have been recognised on the basis of sufficient taxable profits arising in the Company in the future and / or sufficient tax capacity existing within the Sopra Steria UK tax group to enable any future taxable losses to be surrendered in full via the group relief provisions (with the Company receiving payment for the value of the tax losses surrendered).

A potential deferred tax asset of £496 thousand (2021: £496 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. The related trading loss is £1,985 thousand (2021: £1,985 thousand). These losses have no expiry date.

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**SOPRA STERIA LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**


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**26. PROVISIONS**

	<b>Dilapidation provisions £000</b>	<b>Contract provisions</b>	<b>Other provisions £000</b>	<b>Total £000</b>
At 1 January 2022	5,301	9,691	2,857	17,849
Additions	419	5,552	-	5,971
Reversals	(569)	(2,645)	(958)	(4,172)
Interest unwind on discounting	66	-	6	72
Utilised in year	(720)	(5,025)	(363)	(6,108)
<b>At 31 December 2022</b>	<b>4,497</b>	<b>7,573</b>	<b>1,542</b>	<b>13,612</b>
<b>Analysed as (December 2022):</b>				
Current	240	7,573	1,237	9,050
Non-current	4,257	-	305	4,562
	<b>4,497</b>	<b>7,573</b>	<b>1,542</b>	<b>13,612</b>
<b>Analysed as (December 2021):</b>				
Current	1,459	9,691	2,560	13,710
Non-current	3,842	-	297	4,139
	<b>5,301</b>	<b>9,691</b>	<b>2,857</b>	<b>17,849</b>

(a) Dilapidation provisions covers the estimated costs of returning a leasehold property to its original 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 that £0.2 million of this provision will be used in the coming year, with the remainder (£4.3 million) over the period until 2055.

(b) Contract provisions covers risks relating to clients, projects, and onerous contracts. There is uncertainty relating to the timing and amount of these outflows. The amount of the provisions represents the Directors' best estimate of the costs which will be incurred to settle the obligations. This is considered a key source of estimation uncertainty as well as being an area of critical accounting judgment. Refer to Note 2 for further information.

(c) Other provisions includes £0.1 million for property provisions (mostly to be used in 2024), £0.3 million for Permanent Healthcare Insurance (PHI) for employees (mostly to be used in the period 2025 to 2031) and £1.1 million relating to other employee issues including reorganisation costs expected to be used within one year.

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**SOPRA STERIA LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**27. SHARE CAPITAL**

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
<b>Authorised</b>		
100,000,000 (2021: 100,000,000) Ordinary shares of £1 each	<b>100,000</b>	<b>100,000</b>
	<u>          </u>	<u>          </u>
<b>Allotted, called up and fully paid</b>		
63,052,937 (2021: 63,052,937) Ordinary shares of £1 each	<b>63,053</b>	<b>63,053</b>
	<u>          </u>	<u>          </u>

**28. RESERVES**

**Share premium account**

The share premium account represents amounts paid for the Company's share capital in excess of its par value.

**29. EVENTS AFTER THE REPORTING PERIOD**

On 1 January 2023, the Company acquired all the trade, assets and liabilities of its 100% owned subsidiary Graffica Limited for consideration of £3,831,000, which was estimated to be the value of the assets acquired less liabilities assumed.

**30. CONTINGENT LIABILITIES**

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. The Directors consider that the those financial obligations will be met and that the probability of any economic transfer being made as a result of the guarantees is remote.

**31. CAPITAL COMMITMENTS**

The Company has capital commitments of £635 thousand for plant, machinery and equipment at the end of December 2022 (2021: £142 thousand).

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**SOPRA STERIA LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
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**32. 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 one of the defined benefit pension schemes.

As at 31 December 2022, the amount outstanding in respect of the Company's contribution to the defined contribution schemes was £2,459 thousand (2021: £134 thousand). Contributions made in respect of the year ended 31 December 2022 were £18,758 thousand (2021: £17,586 thousand).

**Defined benefit plan**

The Company operates a number of Defined Benefit Pension Schemes which are all approved, funded pension schemes. The assets of the plans are held separately from those of the Company in trustee-administered funds. Plan assets held are governed by local regulations and practice in the United Kingdom. Responsibility for the governance of the plans – including investment decisions and contribution schedules – lies jointly with the Company and the Trustees of the plans.

As at 31 December 2022, the amount outstanding in respect of the Company's contribution to the defined benefit schemes was £625 thousand (2021: £1,960 thousand).

The pension costs of the plans are charged to the Statement of Comprehensive Income as described in note 1.19. 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 and the Magnox scheme, the plans are closed to new members and to future accrual.

In the second half of 2022, a change took place for one section of the plans with respect to the index that serves as a reference for calculating increases in the future pensions of participants. The Consumer Prices Index including owner occupiers' housing costs (CPIH), the official measure of inflation used by the UK government, will replace the Retail Price Index (RPI) starting in May 2023. This plan amendment had the effect of reducing the amount of the obligation, and its impact was recognised within Exceptional pension past service credit in the Statement of Comprehensive Income (see note 6).

Through its defined benefit pension plans, the Company is exposed to a number of risks, the most significant of which are detailed below:

**Asset volatility:** The plan liabilities are calculated using a discount rate set with reference to corporate bond yields; if plan assets underperform this yield, this will create a deficit. The investment strategies are broadly consistent across the plans with the growth portfolio comprised of equities, property and infrastructure. The plans hold a significant proportion of equities, which are expected to out-perform corporate bonds in the long-term while providing volatility and risk in the short-term.

As the plans have matured, the Company, in conjunction with the trustees, have been reducing the level of investment risk by investing more in assets that better match the liabilities. Within the matching portfolio, the LDI funds are designed to reduce liability risk (such as exposure to changes in interest rates and inflation).

However, the Company believes that, due to the long-term nature of the plan liabilities, a level of continuing equity investment is an appropriate element of the Company's long-term strategy to manage the plans efficiently.

**Interest risk:** A decrease in the bond interest rate will increase the plan liability. However, this is mitigated by the LDI portfolio referenced above.

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**SOPRA STERIA LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
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**32. PENSION COMMITMENTS (CONTINUED)**

Life expectancy: The majority of the plans' obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plans' liabilities.

The Company has some schemes in surplus. In these circumstances, the surplus shown on the Statement of Financial Position is restricted to the net present value of the future economic benefits expected to be available to the Company in the form of a future cash refund, net of withholding tax charges. The effect of this asset ceiling is shown below.

Reconciliation of present value of plan liabilities:

	2022 £000	2021 £000
At the beginning of the year	1,589,315	1,600,847
Current service cost	1,286	1,708
Interest cost	35,633	22,171
Actuarial (gains) / losses	(579,584)	18,670
Benefits paid	(50,543)	(54,081)
Past service credit	(15,793)	-
<b>AT THE END OF THE YEAR</b>	<b>980,314</b>	<b>1,589,315</b>

Composition of plan liabilities:

	2022 £000	2021 £000
Active	17,971	34,985
Vested deferred	471,847	829,538
Retired	490,496	724,792
<b>TOTAL PLAN LIABILITIES</b>	<b>980,314</b>	<b>1,589,315</b>

Reconciliation of fair value of plan assets:

	2022 £000	2021 £000
At the beginning of the year	1,553,475	1,480,953
Interest income	37,368	20,619
Actuarial (losses) / gains	(515,158)	85,463
Administrative expenses paid from plan assets	(5,101)	(6,342)
Contributions	16,433	26,863
Benefits paid	(50,543)	(54,081)
<b>AT THE END OF THE YEAR</b>	<b>1,036,474</b>	<b>1,553,475</b>

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**


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**32. PENSION COMMITMENTS (CONTINUED)**

Composition of plan assets:

	2022 £000	2021 £000
Bonds	457,996	727,138
Liquidity fund	68,312	208,119
Equities	107,152	201,098
Property	114,175	155,644
Private credit	120,238	152,450
Infrastructure	131,188	79,348
Other	37,413	29,678
<b>TOTAL PLAN ASSETS</b>	<b>1,036,474</b>	<b>1,553,475</b>

	2022 £000	2021 £000
Fair value of plan assets	1,036,474	1,553,475
Present value of plan liabilities	(980,314)	(1,589,315)
Effect of asset ceiling	(19,727)	-
<b>NET PENSION SCHEME ASSET / (LIABILITY)</b>	<b>36,433</b>	<b>(35,840)</b>

**As shown in Statement of Financial Position**

Pension assets (Steria Electricity Supply Pension Scheme, Steria Management Plan and in current year Steria Retirement Plan and Steria Pension Plan)	36,433	18,394
Pension liabilities (in prior year Steria Retirement Plan and Steria Pension Plan)	-	(54,234)
	<b>36,433</b>	<b>(35,840)</b>

The amounts recognised in profit or loss are as follows:

	2022 £000	2021 £000
Current service cost	(1,286)	(1,708)
Interest expense on obligation	(35,633)	(22,171)
Interest income on plan assets	37,368	20,619
Past service credit	15,793	-
<b>TOTAL</b>	<b>16,242</b>	<b>(3,260)</b>

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**SOPRA STERIA LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**


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**32. PENSION COMMITMENTS (CONTINUED)**

Actual return on scheme assets	<b>(462,008)</b>	<b>106,081</b>
Reconciliation of the asset ceiling		
	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
At the beginning of the year	-	-
Change in asset ceiling	<b>(19,727)</b>	-
<b>AT THE END OF THE YEAR</b>	<b>(19,727)</b>	-

The cumulative amount of actuarial gains and losses recognised in the Statement of Comprehensive Income was £139,384 thousand (2021: £178,982 thousand). This represents the overall total effect that actuarial gains and losses have had on the Company's Statement of Financial Position over the course of many years.

The Company expects to contribute £10.6 million to its Defined Benefit Pension Schemes in 2023.

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
<b>ANALYSIS OF ACTUARIAL GAIN RECOGNISED IN OTHER COMPREHENSIVE INCOME</b>		
Actual return less interest income included in net interest income	<b>(515,317)</b>	<b>85,463</b>
Administrative expenses paid from plan assets	<b>(5,101)</b>	<b>(6,342)</b>
Experience gains and losses arising on the scheme liabilities	<b>(109,983)</b>	<b>(25,264)</b>
Actuarial gains and losses arising from changes in financial assumptions	<b>688,666</b>	<b>15,843</b>
Actuarial gains and losses arising from changes in demographic assumptions	<b>1,060</b>	<b>(9,249)</b>
Derecognition of surplus	<b>(19,727)</b>	-
	<b>39,598</b>	<b>60,451</b>

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FOR THE YEAR ENDED 31 DECEMBER 2022**


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**32. PENSION COMMITMENTS (CONTINUED)**

The principal assumptions used by the actuary were:

	<b>2022</b>	<b>2021</b>
	<b>%</b>	<b>%</b>
Discount rate	<b>5.01</b>	<b>1.81</b>
CPI inflation assumption	<b>2.73</b>	<b>2.52</b>
RPI inflation assumption	<b>3.13</b>	<b>3.32</b>
Other assumptions		
Future salary increases	<b>3.13</b>	<b>3.32</b>
Member life expectancy at age 65 (male retiring today)	<b>22.3 - 23.5</b> years	<b>22.2 - 23.4</b> years
Member life expectancy at age 65 (female retiring today)	<b>24 - 25.1</b> years	<b>23.9 - 25</b> years
Member life expectancy at age 65 (male aged 45 retiring in 20 years)	<b>23.6 - 24.7</b> years	<b>23.6 - 24.7</b> years
Member life expectancy at age 65 (female aged 45 retiring in 20 years)	<b>25.5 - 26.4</b> years	<b>25.4 - 26.4</b> years

The mortality assumption is based on the S3P generational base tables (2021: S3P tables) with scaling of 94 - 99% for males (2021: 94 - 99%) and 98 - 100% for females (2021: 98 - 100%). Future improvements to life expectancy are based on the CMI 2021 projection model (2021: CMI 2020 model) with a 1.25% long-term improvement rate (2021: 1.25%).

The estimated weighted average duration of the defined benefit obligation is 13.9 years (2021: 17.3 years).

The expected total benefit payment is £44 million for 2023, £234 million for 2024 to 2027, and £273 million for the subsequent 5 years.

**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.

	<b>0.5% increase £000</b>	<b>0.5% decrease £000</b>
<b>Discount rate</b>		
Effect on defined benefit obligation: (Reduction) / increase	<b>(66,768)</b>	<b>73,525</b>
<b>Inflation rate</b>		
Effect on defined benefit obligation: Increase / (reduction)	<b>67,373</b>	<b>59,976</b>

## SOPRA STERIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022

## 32. PENSION COMMITMENTS (CONTINUED)

**Post-retirement mortality**

A one-year age rating reduction would increase the defined benefit obligation by £24,398 thousand.

## 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 are detailed below. The Company also provides payroll services to NHS Shared Business Services Limited and Shared Services Connected Ltd.

**2022**

	Revenue from services rendered 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	47,155	3,786	3,777	574
NHS Shared Business Services Limited	23,014	275	2,362	31
CeleScan Limited	3,164	-	614	-
	<b>73,333</b>	<b>4,061</b>	<b>6,753</b>	<b>605</b>

**2021**

	Revenue from services rendered 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	49,058	192	5,320	100
NHS Shared Business Services Limited	19,641	414	2,068	46
Axway UK Limited	-	215	-	-
CeleScan Limited	1,302	-	1,476	-
	<b>70,001</b>	<b>821</b>	<b>8,864</b>	<b>146</b>

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**SOPRA STERIA LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
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**33. RELATED PARTY TRANSACTIONS (CONTINUED)**

Sopra Steria Limited owns 75% of the shares in Shared Services Connected Ltd and controls it through voting rights, seats on the Board and decision-making regarding operating, capital, and employment issues.

Sopra Steria Limited owns 50% + 1 of the shares in NHS Shared Business Services Limited and controls it through voting rights, the day-to-day management of operating activities, appointing the senior management team and setting the budget.

Sopra Steria Limited owns 51% of the ordinary shares in CeleScan Limited, but is not deemed to control the entity as the minority shareholder's agreement is required for budget-setting and other key operating activities.

Sopra Steria Limited and Axway UK Limited have a common ultimate beneficial owner.

All purchase and revenue transactions relate to information technology services.

All outstanding balances are expected to be settled by cash payments.

**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 and listed on the Euronext stock exchange. 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](http://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.