Company Registration No. 02042968 (England and Wales)

CAPITA MORTGAGE ADMINISTRATION LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

CAPITA MORTGAGE ADMINISTRATION LIMITED

COMPANY INFORMATION

Directors	A P Brown T F Vanoverschelde E G Kelly
Secretary	Capita Group Secretary Limited
Company number	02042968
Registered office	65 Gresham Street London England EC2V 7NQ
Auditor	KPMG LLP 15 Canada Square London E14 5GL

CAPITA MORTGAGE ADMINISTRATION LIMITED

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CAPITA MORTGAGE ADMINISTRATION LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

The Directors present their strategic report and financial statements for the year ended 31 December 2021.

Review of the business

Capita Mortgage Administration Limited ("the Company") is a wholly owned subsidiary of Capita plc (indirectly held). Capita plc along with all its subsidiaries is hereafter referred to as "the Group". The Company operates within the Capita Experience division of the Group.

The principal activity of the Company was that of the provision of third-party mortgage administration and outsourcing services to the client within the regulated financial services sector. This principal activity ceased in November 2020 when the client insourced the activity. The Directors have therefore prepared the financial statements on the basis that the Company is no longer a going concern. The financial statements have been prepared on a breakup basis as at 31 December 2021. As a consequence, the current assets have been measured and presented at their expected realisable values. The current liabilities are measured and presented at their expected settlement values.

As shown in the Company's income statement on page 13, revenue decreased from £14,987k in 2020 to £889k in 2021. The Company's operating profit has decreased from £4,835k to £6k in 2021 due to termination of the principal activity. The revenue and cost from residual principal activity ceased in February 2021. Some activity relating to property lease obligations continued until December 2021.

The balance sheet on page 14 of the financial statements shows the Company's financial position at the year end. Details of amounts owed by/ to its parent company and fellow subsidiary undertakings are shown in notes 9 and 11 to the financial statements.

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

Capital adequacy

Capita Mortgage Administration Limited is authorised and regulated by the Financial Conduct Authority and is indirectly owned by Capita plc. The requirements of these regulations apply to Capita Mortgage Administration Limited only and it does not consolidate at a group level.

The Company has adequate capital resources and there are no foreseen events which may cause an adverse impact on capital requirement. Capital requirement calculation is shown in table below:

CAPITA MORTGAGE ADMINISTRATION LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

MIPRU 4.2.19	**£'000**
Revenue from home finance administration	
Minimum Capital Requirement, higher of:	
Minimum Capital Requirement	100
10% of annual income	-
Actual requirement	**100**
MIPRU 4.2.11	
Revenue from home finance mediation and insurance mediation	-
Minimum Capital Requirement, higher of:	
Minimum Capital Requirement	5
2.5% of annual income	-
Actual requirement	**5**
Total actual capital requirement	**105**
Shareholder funds	16,786
Less : Intangibles	-
Total net assets less intangibles (including goodwill)	**16,786**
Surplus	16,681
Coverage	158.8%

The Company held a restricted cash balance as a result of an internal risk review. This is reported separately in the accounts of Capita plc. Given the client exit formally completed in February 2021, this restricted cash balance was removed in March 2021.

The risks faced by the Company can be summarised as follows:

Financial:
Significant failures in internal systems of control and lack of corporate stability.

Compliance:
Non-compliance with laws and regulations. The Company must comply with an extensive range of requirements that govern and regulate its business and decisions by regulators can affect the Company's business and operations and these effects are often adverse.

Credit and residual risk
Credit risk is not considered to be significant for the Company. Credit exposure is limited to routine working capital related balances primarily with its key commercial partner.

Market and securitisation risk
Capita Mortgage Administration Limited is not authorised to trade as principal and has no trading book. The Company has no Foreign Exchange risk. Securitisation risk is not applicable to the Company.

Liquidity risk
The Company has developed a Liquidity Management Framework to formalise the monitoring and control processes in place to ensure Capita Mortgage Administration Limited has sufficient liquid resources to meet its liabilities as they come due. This risk is therefore considered to be minimal.

Insurance risk
This is not applicable as the Company does not write insurance.

Interest rate risk
Capita Mortgage Administration Limited has no material exposure to interest rate risk.

Concentration risk
In July 2020, the client Lloyds Bank, advised its intention to exit its contract with the Company in November 2020. Activity since November 2020 continues to be provision of Mortgage Standby Servicing support to clients and resources to other Capita Group companies.

Group risk
The Capita plc, accounts for 2021 state a material uncertainty related to going concern, which sets out the risks around the refinancing of Capita plc and the planned disposals. Since the accounts have been prepared on break up basis, this risk does not impact the Company.

Leverage risk
The Company currently has no external borrowing.

There was no impact of Covid-19 on the financial performance of the business or on the capital position.

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

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

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

Section 172 Statement

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

Further details of the Group's approach to each stakeholder are provided in Capita plc's section 172 statement on pages 40-41 of Capita plc's 2021 Annual Report.

Our People	
Why they are important	They deliver our business strategy; they support the organisation to build a values-based culture; and they deliver our products and services ensuring client satisfaction.
What matters to them?	Flexible working, learning and development opportunities leading to career progression, fair pay and benefits as a reward for performance, two-way communication, and feedback.
How we engaged?	People surveys, regular all-employee communications, employee director participation in Board discussions, employee focus groups and network groups and workforce engagement on remuneration.
Topics of Engagement	Protection of employees during Covid-19, human resources policies during Covid-19, future ways of working as a result of Covid-19, and creating an inclusive workplace.
Outcomes and actions	Issue of Capita-specific Covid-19 guidance and regular updates; new and temporary HR policies; increased provision and support for employee wellbeing and flexible working; and simplification of property portfolio and office space.
Risks to stakeholder relationship	Our ability to recruit due to the global economic bounceback, our ability to retain people, impacting the quality of service we can provide and our ability to change our culture and practices in line with our responsible business agenda.
Key Metrics	Employee net promoter score, people survey completion level.
Clients and Customers	
Why they are important	They are recipients of Capita's services; and Capita's reputation depends on delighting them.
What matters to them?	High-quality service delivery; delivery of transformation projects within agreed timeframes; rapid response to support pandemic planning; and responsible and sustainable business credentials.
How we engaged?	Client meetings and surveys, Regular meetings with government and annual review with Cabinet Office and Created a senior client partner programme giving an experienced, single point of contact for key clients and customers
Topics of Engagement	Remote working on client services as a result of Covid-19, current service delivery, possible future services, co-creation of client value propositions.
Outcomes and actions	Feedback provided to business units to address any issues raised, client value propositions team supporting divisions with cocreation ideas; and senior client partner programme undertaking client-focused growth sprints to build understanding of client issues and ideas to help address them.

Section 172 Statement (continued)

Risks to stakeholder relationship	Loss of business by not providing the services they want, damage to reputation by not delivering to their requirements
Key Metrics	Customer NPS; specific feedback on client engagements.
Supplier and Partners	
Why they are important	They share our values and help us deliver our purpose; maintain high standards in our supply chain; and achieve social, economic and environmental benefits aligned to the Social Value Act.
What matters to them?	Payments made within agreed payment terms, clear and fair procurement process, building lasting commercial relationships, and working inclusively with all types of business.
How we engaged?	Supplier meetings throughout source to procure process, regular reviews with suppliers, supplier questionnaires and risk assessments.
Topics of Engagement	Supplier payments, sourcing requirements, supplier performance, and the Supplier Charter.
Outcomes and actions	Alignment of payments with agreed terms; supplier feedback on improvements to procurement process; improvement plans and innovation opportunities; and improved adherence to supplier charter.
Risks to stakeholder relationship	Environmental issues, commitment to tackling net zero, supply chain resilience
Key Metrics	% of supplier payments within agreed terms; supplier relationship management feedback score; SME spend allocation; and supplier diversity profile
Investors	
Why they are important	They own the business and provide essential capital; and their input and feedback is considered when making decisions.
What matters to them?	Reporting on strategic, operational and ESG factors; financial performance; access to the Board and senior management; and regular communication.
How we engaged?	Financial and other reports and trading updates, regular investor programme with Board and feedback throughout the year, discussions around AGM on resolutions and governance topics, dedicated investor relations contacts and email inbox and regular Board reports from investor relations function and external advisers
Topics of Engagement	Transformation progress, balance sheet and liquidity, ongoing impact of Covid-19 and governance.
Outcomes and actions	More frequent market communication; and increased level of engagement with largest shareholders.
Risks to stakeholder relationship	Changes to outsourcing market, eg government policy, delivery on strategic and financial objectives, key aspects of governance. eg remuneration’
Key metrics	Revenue; profit; free cash flow; net debt and gearing; and AGM voting

Section 172 Statement (continued)

Society Why they are important	Capita is a provider of key services to government impacting a large proportion of the population.
What matters to them?	Social mobility, youth skills and jobs; digital inclusion; diversity and inclusion; climate change; business ethics and accreditations and benchmarking.
How we engaged?	Memberships of non-governmental organisations, charitable and community partnerships, external accreditations and benchmarking and working with clients, suppliers and the Cabinet Office
Topics of Engagement	Youth employment, tackling digital exclusion, workplace inequalities, and Climate change.
Outcomes and actions	Publication of net zero plan; real living wage accreditation; youth and employability programme; and commitments to tackle racism and enhance ethnic diversity.
Risks to stakeholder relationship	Lack of understanding of the issues important to them and insufficient communication or involvement in shaping and influencing strategies and plans
Key Metrics	Net zero by 2035; community investment; workforce diversity and ethnicity data, including pay gaps.

On behalf of the Board

T F Vanoverschelde
Director

26 April 2022

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

The Directors present their annual report and financial statements for the year ended 31 December 2021.

Results and dividends

The results for the year are set out on page 13.

No dividend was paid during the year (2020: £nil).

Directors

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

A P Brown
T F Vanoverschelde
E G Kelly

Political donations

The Company made no political donations and incurred no expenditure during the year (2020: £nil).

Employees

Details of the number of employees and related costs can be found in note 16 to the financial statements.

Auditor

In accordance with section 487(2) of the Companies Act 2006, the auditors, KPMG LLP, will be deemed to be reappointed and therefore continue in office.

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

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

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- as explained in the note 1.1 of the financial statements, the Directors do not believe the going concern basis to be appropriate and these financial statements are not prepared on that basis.

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

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

Statement of disclosure to auditor

So far as each person who was a Director at the date of approving this report is aware. There is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the Company's auditor is not aware. Having made enquiries of fellow Directors and the Company's auditor, each Director has taken all the steps he/she might reasonably be expected to take as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is was are of that information.

Qualifying third party indemnity provisions

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

On behalf of the Board

T F Vanoverschelde
Director
26 April 2022

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF CAPITA MORTGAGE ADMINISTRATION LIMITED

Opinion

We have audited the financial statements of Capita Mortgage Administration Limited ("the Company") for the year ended 31 December 2021 which comprise the Income Statement, Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 ; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Emphasis of matter - non-going concern basis of preparation

We draw attention to the disclosure made in note 1 to the financial statements which explains that the financial statements are now not prepared on the going concern basis for the reasons set out in that note. Our opinion is not modified in respect of this matter.

Fraud and breaches of laws and regulations – ability to detect

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors, internal audit and inspection of policy documentation as to the Company's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Company's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board Meeting minutes.
- Considering the remuneration incentive schemes and performance targets for management and directors including the short-term incentive plan and long-term incentive plan for management remuneration.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because the company has simple revenue streams with limited complexity around revenue recognition.

We did not identify any additional fraud risks.

We performed procedures including identifying journal entries and other adjustments to test, based on risk criteria and comparing the identified entries to supporting documentation. These included those posted by senior finance management, those posted and approved by the same user and those posted to unusual accounts.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF CAPITA MORTGAGE ADMINISTRATION LIMITED

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors and other management (as required by auditing standards), and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

As the Company is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation, and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: data protection laws, anti-bribery, employment law, and certain aspects of company legislation recognising the nature of the Company's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF CAPITA MORTGAGE ADMINISTRATION LIMITED

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 8, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF CAPITA MORTGAGE ADMINISTRATION LIMITED

The purpose of our audit work and to whom we owe our responsibilities

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.

Katharine L'Estrange (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 Sovereign Square,
Sovereign St,
Leeds
LS1 4DA
26 April 2022

CAPITA MORTGAGE ADMINISTRATION LIMITED

INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 £'000	2020 £'000
Revenue	3	889	14,987
Cost of sales		(12)	(9,322)
Gross profit		**877**	**5,665**
Administrative expenses		(871)	(830)
Operating profit	4	**6**	**4,835**
Other income	5	-	311
Net finance cost	6	(5)	(30)
Profit before tax		**1**	**5,116**
Income tax credit/(charge)	7	666	(972)
Total comprehensive income for the year		**667**	**4,144**

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

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

The notes on pages 16 to 29 form an integral part of these financial statements

CAPITA MORTGAGE ADMINISTRATION LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2021

	Notes	2021 £'000	2020 £'000
Non-current assets			
Investments in subsidiaries	**8**	-	-
Total non-current assets		-	-
Current assets			
Trade and other receivables	**9**	55	610
Cash	**10**	22,068	23,030
Total current assets		**22,123**	**23,640**
Total assets		**22,123**	**23,640**
Current liabilities			
Trade and other payables	**11**	4,944	5,947
Provisions	**12**	86	-
Lease liabilities	**15**	-	668
Income tax payable		307	906
Total current liabilities		**5,337**	**7,521**
Total liabilities		**5,337**	**7,521**
Net assets		**16,786**	**16,119**
Capital and reserves			
Issued share capital	**13**	8,101	8,101
Share premium		14,892	14,892
Retained deficit		(6,207)	(6,874)
Total equity		**16,786**	**16,119**

The notes on pages 16 to 29 form an integral part of these financial statements
Approved by Board and authorised for issue on 26 April 2022

T F Vanoverschelde
Director
Company Registration No. 02042968

CAPITA MORTGAGE ADMINISTRATION LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2021

	Share capital	Share premium	Retained deficit	Total equity
	£'000	£'000	£'000	£'000
At 1 January 2020	**8,101**	**14,892**	**(11,018)**	**11,975**
Total comprehensive income for the year	-	-	4,144	4,144
At 31 December 2020	**8,101**	**14,892**	**(6,874)**	**16,119**
Total comprehensive income for the year	-	-	667	667
At 31 December 2021	**8,101**	**14,892**	**(6,207)**	**16,786**

Share capital -The balance classified as share capital is the nominal proceeds on issue of the Company's equity share capital, comprising 8,101,001 ordinary shares.

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

Retained deficit - The balance pertains to net losses accumulated in the Company.

The notes on pages 16 to 29 form an integral part of these financial statements

1 Accounting policies

1.1 Basis of preparation

Capita Mortgage Administration Limited is a Company incorporated and domiciled in the UK.

The Company is a wholly owned subsidiary of Capita plc and operates within the group's Capita Customer Management division. The financial statements are prepared under the historical cost basis except where stated otherwise and in accordance with applicable accounting standards.

In determining the appropriate basis of preparation for the annual report and financial statements for the year ended 31 December 2021, the Company's Directors ("the Directors") are required to consider whether the Company can continue in operational existence for the foreseeable future, being a period of at least 12 months following the approval of these accounts. The principal activity of the Company ceased in November 2020 when the client insourced the activity. The Directors have therefore prepared the financial statements on the basis that the Company is no longer a going concern. The financial statements have been prepared on a breakup basis as at 31 December 2021. As a consequence, the current assets have been measured and presented at their expected realisable values. The current liabilities are measured and presented at their expected settlement values.

1.2 Compliance with accounting standards

The Company has prepared and presented these financial statements by applying the recognition, measurement and disclosure requirements of international accounting standards in conformity with the requirements of the Companies Act 2006. The Company has applied FRS101 - Reduced Disclosure Framework in the preparation of its financial statements.

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

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

- A cash flow statement and related notes;
- Comparative period reconciliations for share capital, property, plant and equipment and intangible assets;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- Disclosures required by IFRS 15 Revenue from Contracts with Customers;
- Disclosures in respect of the compensation of key management personnel; and
- Disclosures as required by IFRS 16 Leases.

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

- Certain disclosures required by IFRS 2 Share Based Payments in respect of group settled share based payments;
- Certain disclosures required by IAS 36 Impairments of assets in respect of the impairment of goodwill and indefinite life intangible assets;
- Certain disclosures required by IFRS 3 Business Combinations in respect of business combinations undertaken by the Company, in the current and prior periods including the comparative period reconciliation for goodwill; and
- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

1 Accounting policies **(Continued)**

1.3 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year.

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

International Accounting Standards (IAS/IFRS)	Effective date
Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)	1 January 2022
Annual Improvements to IFRS Standards 2018–2020	1 January 2022
Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)	1 January 2022
Reference to the Conceptual Framework (Amendments to IFRS 3)	1 January 2022
Classification of Liabilities as Current or Non-current (Amendments to IAS 1)	1 January 2023
IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts	1 January 2023
Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)	1 January 2023
Definition of Accounting Estimates (Amendments to IAS 8)	1 January 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)	1 January 2023

1.4 Revenue recognition

Revenue is earned within the United Kingdom.

Revenue recognition is based on the principles set out in IFRS 15.

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

In determining the amount of revenue and profits to record, and related balance sheet items (such as contract fulfilment assets, capitalisation of costs to obtain a contract, trade receivables, accrued income and deferred income) to recognise in the period, management is required to form a number of key judgements and assumptions. This includes an assessment of the costs the Company incurs to deliver the contractual commitments and whether such costs should be expensed as incurred or capitalised.

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

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

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

The Company has multiple components to be delivered such as transformation and the delivery of outsourced services, and management has applied judgement in accounting for these as a single related performance obligation.

1 Accounting policies **(Continued)**

1.4 Revenue recognition (continued)

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

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

Once the total transaction price is determined, the Company allocates this to the identified performance obligations in proportion to their relative stand-alone selling prices and recognises revenue when (or as) those performance obligations are satisfied. The Company sells a customer bespoke solution, and in these cases the Company typically uses the expected cost-plus margin or a contractually stated price approach to estimate the standalone selling price of each performance obligation.

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

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

The Company recognises revenue on the basis of direct measurements of the value to the customer of the goods and services transferred to date relative to the remaining goods and services under the contract using a method of time elapsed which requires minimal estimation.

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

Transactional (Point in time) contracts

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

The nature performance obligations categorised within this revenue type includes fees received in relation to delivery of professional services.

1 Accounting policies **(Continued)**

1.4 Revenue recognition (continued)

Principal versus agent

The Company acts as a principal for provision of IT and Software services, with revenue recorded on a gross basis. The Company acts as a principal if it controls a promised good or service before transferring that good or service to the customer. Factors considered in making this assessment are most notably the discretion the Company has in establishing the price for the specified good or service and whether the Company is primarily responsible for fulfilling the promise to deliver the service or good. This assessment of control requires judgement in particular in relation to certain service contracts.

Onerous contracts

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

Deferred and accrued income

The Company has a range of payment schedules dependent upon the nature and type of services being provided. Payments for these services may be at delivery date, in arrears or part payment in advance. Where payments made are greater than the revenue recognised at the period end date, the Company recognises a deferred income contract liability for this difference. Where payments made are less than the revenue recognised at the period end date, the Company recognises an accrued income contract asset for this difference.

1 Accounting policies **(Continued)**

1.5 Leasing

The Company leases assets, comprising land and buildings.

The determination whether an arrangement is, or contains, a lease is based on whether the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. The following sets out the Company's lease accounting policy for all leases with the exception of leases with low value and term of 12 months or less which we have taken the exemption in the standard. These are expensed to the income statement.

At the inception of the lease, the Company recognises a right-of-use asset and a lease liability. A right-of-use asset is capitalised in the balance sheet at cost, which comprises the present value of minimum lease payments determined at the inception of the lease. A lease liability of equivalent value is also recognised. Right-of-use assets are depreciated using the straight-line method over the shorter of estimated life or the lease term. Depreciation is included within the line item administrative expenses in the income statement.

The Company as a lessee - Right-of-use assets and lease liabilities

Right-of-use assets are measured at cost, which comprised the initial amount of the lease liability adjusted for any lease payments made at or before the adoption date, less any lease incentives received at or before the adoption date and less any onerous lease provisions (reclassified on the opening balance sheet). Depreciation is included within administrative expenses in the income statement. Right-of-use assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be fully recoverable. Right-of-uses assets exclude leases with a low value and term of 12 months or less. These leases are expensed to the income statement as incurred.

Lease liabilities are measured at amortised cost using the effective interest rate method. Lease payments are apportioned between a finance charge and a reduction of the lease liability based on the constant interest rate applied to the remaining balance of the liability. Interest expense is included within the line item net finance costs in the consolidated income statement.

The lease payments comprise fixed payments, including in-substance fixed payments such as service charges and variable lease payments that depend on an index or a rate, initially measured using the minimum index or rate at inception date. The payments also include any lease incentives and any penalty payments for terminating the lease, if the lease term reflects the lessee exercising that option. Lease liability is adjusted for any prepayment

The lease term determined comprises the non-cancellable period of the lease contract. Periods covered by an option to extend the lease are included if the Company has reasonable certainty that the option will be exercised and periods covered by the option to terminate are included if it is reasonably certain that this will not be exercised.

The lease liability is subsequently remeasured (with a corresponding adjustment to the related right-of-use asset) when there is a change in future lease payments due to a renegotiation or market rent review, a change of an index or rate or a reassessment of the lease term. Payments associated with leases that have a term of less than 12 months or are of low value are recognised as an expense in the income statement as incurred.

1 Accounting policies **(Continued)**

1.6 Taxation

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

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

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

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

1.7 Group Accounts

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

1 Accounting policies **(Continued)**

1.8 Financial instruments

Investments and other financial assets

Classification

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss); and
- those to be measured at amortised cost.

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

Recognition and derecognition

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

Measurement

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

Impairment

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

For trade receivables, the Company applies the simplified approach permitted by IFRS 9, resulting in trade receivables recognised and carried at original invoice amount less an allowance for any uncollectible amounts based on expected credit losses.

Trade and other receivables

The trade and other receivables have been measured and presented at their expected settlement values.

Trade and other payables

The trade and other payables have been measured and presented at their expected settlement values.

Cash and cash equivalents

Cash and short-term deposits in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of 3 months or less.

2 Significant accounting judgements, estimates and assumptions

The preparation of financial statements in conformity with generally accepted accounting principles requires the Directors to make judgements and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingencies at the date of the financial statements and the reported income and expense during the reported periods. Although these judgements and assumptions are based on the Directors' best knowledge of the amount, events or actions, actual results may differ. No significant judgements, estimates and assumptions were used in preparation of financial statements in current reporting period.

3 Revenue

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

4 Operating profit

	2021	2020
	£'000	£'000
Operating profit for the year is stated after charging/(crediting):		
Depreciation of property, plant and equipment	-	3
Impairment of ROUA - property, plant and equipment	-	350
Depreciation of ROUA - property, plant and equipment	-	381
Operating lease rentals - plant and machinery	-	15
Onerous contract provision release*	-	(2,568)

*The release of onerous contract provision in 2020 is driven by the net effect of reduced future term and the revised annual loss view to match 2020 actual operation losses.

Audit fees are borne by the ultimate parent undertaking, Capita plc. The audit fee for the current period was £30,000 (2020: £25,000). The Company has taken advantage of the exemption provided by regulations 6(2)(b) of The Companies (Disclosure of Auditor Remuneration and Liability Limitation Agreements) Regulations 2008 not to provide information in respect of fees for other (non-audit) services as this information is required to be given in the Company accounts of the ultimate parent undertaking, which it is required to prepare in accordance with the Companies Act 2006.

5 Other income

	2021	2020
	£'000	£'000
Rental income	-	311
	-	**311**

6 Net finance cost

	2021 £'000	2020 £'000
Interest income on bank deposits	(4)	-
Interest expense on lease liabilities	9	30
	5	**30**

7 Income tax

The major components of income tax expense for the years ended 31 December 2021 and 2020 are:

	2021 £'000	2020 £'000
Current tax		
UK corporation tax	-	972
Adjustments in respect of prior periods	(666)	-
	(666)	**972**
Deferred tax		
Origination and reversal of temporary differences	-	-
Total tax (credit)/charge reported in the income statement	**(666)**	**972**

The reconciliation between tax charge / (credit) and the accounting profit multiplied by the UK corporation tax rate for the years ended 31 December 2021 and 2020 is as follows:

	2021 £'000	2020 £'000
Profit before tax	1	5,116
Profit/(loss) before taxation multiplied by standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	-	972
Taxation impact of factors affecting tax charge:		
Adjustments in respect of current income tax of prior periods	(666)	-
Total adjustments	**(666)**	**-**
Total tax (credit)/charge reported in the income statement	**(666)**	**972**

7 Income tax

A deferred tax asset of £4.05m (2020: £3.74m) has been unrecognised in the statutory accounts due to the uncertainty of future use. A change to the main UK corporation tax rate was substantively enacted on 24 May 2021. The rate applicable from 1 April 2023 increases from 19% to 25%. The unrecognised UK deferred tax asset at 31 December 2021 has been calculated based on this rate.

8 Investment in subsidiaries

	£'000
Cost	
As at 1 January 2021	1,233
At 31 December 2021	**1,233**
Impairment	
At 1 January 2021	1,233
At 31 December 2021	**1,233**
Net book value	
At 31 December 2021	-
At 31 December 2020	-

Details of the Company's direct subsidiaries at 31 December 2021 are as follows:

Company	Country of registration or incorporation	Ordinary shares held (%)	Nature of business
Capita Mortgage Software Solutions Limited	65 Gresham Street, London, England, EC2V 7NQ	100	Outsourcing services

9 Trade and other receivables

	2021	2020
	£'000	£'000
Trade receivables	2	1
Accrued income	-	344
Other taxes and social security	10	213
Amounts due from parent & fellow subsidiary undertaking*	14,935	14,944
Less : Impairment allowance**	(14,892)	(14,892)
	55	**610**

*The inter-company trade receivables are non-interest bearing.
**Impairment allowance relates to amount due from fellow subsidiary undertaking.

10 Cash

	2021	2020
	£'000	£'000
Cash at bank and in hand	22,068	23,030
	22,068	**23,030**

The Company held a restricted cash balance as a result of an internal risk review. This is reported separately in the accounts of Capita plc. Given the client exit completed in February 2021, this restricted cash balance was removed in March 2021.

11 Trade and other payables

	2021	2020
	£'000	£'000
Trade payables	-	49
Accruals	-	516
Amounts due to parent and fellow subsidiary undertaking*	4,944	5,382
	4,944	**5,947**

The inter-company trade payables are non-interest bearing.

12 Provisions

	Others
	£'000
Current	
As at 1 January 2021	-
Additions	86
As at 31 December 2021	**86**

13 Issued share capital

	2021 Numbers	2020 Numbers	2021	2020
	£'000	£'000	£'000	£'000
Allotted, called up and fully paid				
An ordinary share of £1 each				
At 1 January	8,101	8,101	8,101	8,101
At 31 December	**8,101**	**8,101**	**8,101**	**8,101**

14 Leases under IFRS 16

	2021
	£'000
Interest expense on lease liabilities	9

15 Lease liabilities

	2021	2020
	£'000	£'000
Current	-	668
	-	**668**

	2021	2020
Maturity analysis - Contractual undiscounted cash flows	£'000	£'000
Less than one year	-	677
One to two years	-	-
More than two years	-	-
Total undiscounted lease liabilities	**-**	**677**

16 Employees

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

	2021 Number	2020 Number
Operations	2	68
	2	**68**

Their aggregate remuneration comprised:

Employment costs	**2021 £'000**	**2020 £'000**
Wages and salaries	76	1,869
Social security costs	9	186
Pension costs	3	150
	88	**2,205**

17 Directors' remuneration

	2021 £'000	2020 £'000
Remuneration for qualifying services	17	132
	17	**132**

The Directors were paid by another subsidiary of Capita plc. For qualifying services provided by these Directors on the Company affairs, Directors' remuneration has been allocated to the Company during the period. The number of Directors for whom retirement benefits are accruing under the defined contribution scheme amounted to 1 (2020: 1). In addition to the above, the Directors of the Company were reimbursed for the expenses incurred by them whilst performing business responsibilities.

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2021 £'000	2020 £'000
Remuneration for qualifying services	17	104
	17	**104**

18 Controlling party

The Company is a wholly owned subsidiary undertaking of Capita plc, a company incorporated in England & Wales. The financial statements of Capita plc are available from the registered office at 65 Gresham Street, London, England, EC2V 7NQ.

The immediate controlling party is Capita Financial Services Holdings Limited, a company incorporated in England & Wales.

19 Post balance sheet events

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