

Company Registration No. 02042968 (England and Wales)

**CAPITA MORTGAGE ADMINISTRATION LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

# **CAPITA MORTGAGE ADMINISTRATION LIMITED**

## **COMPANY INFORMATION**

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<b>Directors</b>	A P Brown T F Vanoverschelde
<b>Secretary</b>	Capita Group Secretary Limited
<b>Company number</b>	02042968
<b>Registered office</b>	65 Gresham Street London England EC2V 7NQ
<b>Auditor</b>	KPMG LLP 1 Sovereign Square, Sovereign St, Leeds LS1 4DA

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# **CAPITA MORTGAGE ADMINISTRATION LIMITED**

## **DIRECTORS' REPORT**

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

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

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.

As shown in the Company's income statement on page 7, revenue decreased from £889k in 2021 to £8k in 2022 due to termination of the principal activity. The Company's operating profit has increased from £6k in 2021 to £544k in 2022. Included in Administrative income for 2022 is an amount of £557k related to reversal of intercompany provision incorrectly recorded in the prior year. The amount was incorrectly included in Amounts due from parent and fellow subsidiaries at 31 December 2021. As the Directors do not consider the effect on the prior period financial statements to be material, this has been corrected in the current period.

The balance sheet on page 8 of the financial statements shows the Company's financial position at the year end. The Company's net assets increased from £16,786k in 2021 to £17,645k in 2022. Details of amounts owed by/to its parent company and fellow subsidiary undertakings are shown in notes 8 and 10 to the financial statements.

#### **Results and dividends**

The results for the year are set out on page 7.

No dividend was proposed or paid during the year (2021: £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

(Resigned 31 May 2023)

#### **Political donations**

The Company made no political donations and incurred no political expenditure during the year (2021: £nil).

#### **Employees**

Details of the number of employees and related costs can be found in note 13 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.

# **CAPITA MORTGAGE ADMINISTRATION LIMITED**

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

**FOR THE YEAR ENDED 31 DECEMBER 2022**

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

The Directors are responsible for preparing 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.

### **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 aware 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**

14 August 2023

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBERS OF CAPITA MORTGAGE ADMINISTRATION LIMITED**

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#### **Opinion**

We have audited the financial statements of Capita Mortgage Administration Limited ("the Company") for the year ended 31 December 2022 which comprise the Income statement, Balance Sheet, Statement of Changes in Equity, and related notes, including the accounting policies in note 1. These financial statements have not been prepared on the going concern basis for the reason set out in note 1.1.

In our opinion the financial statements:

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

#### **Fraud and breaches of laws and regulations – ability to detect**

##### *Identifying and responding to risks of material misstatement due to fraud*

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 remuneration incentive schemes and performance targets for management, 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 recorded minimal revenue during the period since it has ceased its operations.

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**

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#### *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 others 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.

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, regulatory capital and liquidity, and certain aspects of company legislation recognising the financial nature of 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 fraud 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.

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

Our responsibility is to read 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 directors' report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

#### **Matters on which we are required to report by exception**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF CAPITA MORTGAGE ADMINISTRATION LIMITED**

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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; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

#### **Directors' responsibilities**

As explained more fully in their statement set out on page 2, 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](http://www.frc.org.uk/auditorsresponsibilities).



## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF CAPITA MORTGAGE ADMINISTRATION LIMITED**

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#### **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  
14 August 2023

# CAPITA MORTGAGE ADMINISTRATION LIMITED

## INCOME STATEMENT

*FOR THE YEAR ENDED 31 DECEMBER 2022*

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	Notes	2022 £'000	2021 £'000
Revenue	3	8	889
Cost of sales		(3)	(12)
		<hr/>	<hr/>
<b>Gross profit</b>		<b>5</b>	<b>877</b>
Administrative income/(expense)		539	(871)
		<hr/>	<hr/>
<b>Operating profit</b>	4	<b>544</b>	<b>6</b>
Net finance income/(cost)	5	388	(5)
		<hr/>	<hr/>
<b>Profit before tax</b>		<b>932</b>	<b>1</b>
Income tax (charge)/credit	6	(73)	666
		<hr/>	<hr/>
<b>Total comprehensive income for the year</b>		<b>859</b>	<b>667</b>
		<hr/>	<hr/>

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 10 to 19 form an integral part of these financial statements

# CAPITA MORTGAGE ADMINISTRATION LIMITED

## BALANCE SHEET

AS AT 31 DECEMBER 2022

	Notes	2022 £'000	2021 £'000
<b>Current assets</b>			
Trade and other receivables	8	188	55
Cash	9	25,827	22,068
<b>Total current assets</b>		<b>26,015</b>	<b>22,123</b>
<b>Total assets</b>		<b>26,015</b>	<b>22,123</b>
<b>Current liabilities</b>			
Trade and other payables	10	8,216	4,944
Provisions	11	81	86
Income tax payable		73	307
<b>Total current liabilities</b>		<b>8,370</b>	<b>5,337</b>
<b>Total liabilities</b>		<b>8,370</b>	<b>5,337</b>
<b>Net assets</b>		<b>17,645</b>	<b>16,786</b>
<b>Capital and reserves</b>			
Issued share capital	12	8,101	8,101
Share premium		14,892	14,892
Retained deficit		(5,348)	(6,207)
<b>Total equity</b>		<b>17,645</b>	<b>16,786</b>

The notes on pages 10 to 19 form an integral part of these financial statements

Approved by Board and authorised for issue on 14 August 2023.

**T F Vanoverschelde**  
**Director**  
**Company Registration No. 02042968**

# CAPITA MORTGAGE ADMINISTRATION LIMITED

## STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2022

	Share capital	Share premium	Retained deficit	Total equity
	£'000	£'000	£'000	£'000
At 1 January 2021	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
Total comprehensive income for the year	-	-	859	859
At 31 December 2022	8,101	14,892	(5,348)	17,645

**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 10 to 19 form an integral part of these financial statements

# CAPITA MORTGAGE ADMINISTRATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 31 DECEMBER 2022**

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### **1 Accounting policies**

#### **1.1 Basis of preparation**

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

In determining the appropriate basis of preparation for the annual report and financial statements for the year ended 31 December 2022, 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 2022.

The financial statements have been prepared on a breakup basis as at 31 December 2022. As a consequence, the Directors have considered the adjustments required to prepare the financial statement on a breakup basis. The expected realisable and settlement values for current assets and liabilities are not considered to be materially different from their carrying value at the balance sheet date. Therefore, the Directors have considered that no further adjustments are required as a result of preparing the financial statements on a breakup basis.

#### **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.

# CAPITA MORTGAGE ADMINISTRATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

### 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

#### 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.

# CAPITA MORTGAGE ADMINISTRATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

### 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.

# CAPITA MORTGAGE ADMINISTRATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

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### 1 Accounting policies

(Continued)

#### 1.5 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.

#### 1.6 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.

#### 1.7 Financial instruments

##### *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.



# CAPITA MORTGAGE ADMINISTRATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

### 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

	2022 £'000	2021 £'000
<b>Operating profit for the year is stated after crediting:</b>		
Reversal of inter-company provision*	557	-
	<u>557</u>	<u>-</u>

\*The amount was incorrectly included in Amounts due from parent and fellow subsidiaries at 31 December 2021. As the Directors do not consider the effect on the prior period financial statements to be material, this has been corrected in the current period.

Audit fees are borne by the ultimate parent undertaking, Capita plc. The audit fee for the current period was £9,000 (2021: £30,000). 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 Net finance (income)/cost

	2022 £'000	2021 £'000
Interest income on bank deposits	(388)	(4)
Interest expense on lease liabilities	-	9
	<u>(388)</u>	<u>5</u>

The significant increase in interest income from bank deposits is due to rise in interest rates in 2022.

### 6 Income tax

The major components of income tax charge/(credit) for the years ended 31 December 2022 and 2021 are:

	2022 £'000	2021 £'000
<b>Current tax</b>		
UK corporation tax	73	-
Adjustments in respect of prior periods	-	(666)
	<u>73</u>	<u>(666)</u>
<b>Total tax charge/(credit) reported in the income statement</b>	<u>73</u>	<u>(666)</u>

# CAPITA MORTGAGE ADMINISTRATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

(Continued)

### 6 Income tax

The reconciliation between tax charge/(credit) and the accounting profit multiplied by the UK corporation tax rate for the years ended 31 December 2022 and 2021 is as follows:

	2022 £'000	2021 £'000
<b>Profit before tax</b>	932	1
	<u>          </u>	<u>          </u>
Profit before taxation multiplied by standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	177	-
	<u>          </u>	<u>          </u>
<b>Taxation impact of factors affecting tax charge:</b>		
Income not taxable	(107)	-
Expenses not deductible for tax purposes	1	-
Adjustments in respect of current income tax of prior periods	-	(666)
Impact of changes in statutory tax rates	2	-
	<u>          </u>	<u>          </u>
<b>Total adjustments</b>	<b>(104)</b>	<b>(666)</b>
	<u>          </u>	<u>          </u>
<b>Total tax charge/(credit) reported in the income statement</b>	<b>73</b>	<b>(666)</b>
	<u>          </u>	<u>          </u>

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 deferred tax asset at 31 December 2022 has been calculated based on this rate. The Company has unrecognised deferred tax asset of £4.05m (2021: £4.05m) in the statutory accounts due to the uncertainty of future use

## CAPITA MORTGAGE ADMINISTRATION LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

*FOR THE YEAR ENDED 31 DECEMBER 2022*

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<b>7 Investment in subsidiaries</b>	<b>£'000</b>
<b>Cost</b>	
As at 1 January 2022	1,233
	<hr/>
At 31 December 2022	1,233
	<hr/>
<b>Impairment</b>	
At 1 January 2022	1,233
	<hr/>
At 31 December 2022	1,233
	<hr/>
<b>Net book value</b>	
At 31 December 2022	-
	<hr/>
At 31 December 2021	-
	<hr/>

Details of the Company's direct subsidiaries at 31 December 2022 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

# CAPITA MORTGAGE ADMINISTRATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

### 8 Trade and other receivables

	2022 £'000	2021 £'000
Trade receivables	3	2
Interest receivable	185	-
Other taxes and social security	-	10
Amounts due from parent and fellow subsidiary undertaking*	14,483	14,935
Less : Impairment allowance**	(14,483)	(14,892)
	<u>188</u>	<u>55</u>

\*Amounts due from parent and fellow subsidiary undertakings are non-interest bearing and repayable on demand.

\*\*Impairment allowance relates to amount due from fellow subsidiary undertaking.

### 9 Cash

	2022 £'000	2021 £'000
Cash at bank and in hand	25,827	22,068
	<u>25,827</u>	<u>22,068</u>

### 10 Trade and other payables

	2022 £'000	2021 £'000
Other taxes and social security	1	-
Amounts due to parent and fellow subsidiary undertaking*	8,215	4,944
	<u>8,216</u>	<u>4,944</u>

\*Amounts due to parent and fellow subsidiary undertakings are non-interest bearing and repayable on demand.

### 11 Provisions

	Others £'000
<b>Current</b>	
As at 1 January 2022	86
Released during the year	(2)
Utilised during the year	(3)
	<u>81</u>
<b>As at 31 December 2022</b>	<u>81</u>

Other provision relates to stranded costs and towards potential repayment of a grant.

# CAPITA MORTGAGE ADMINISTRATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

12	Issued share capital	2022 Numbers £'000	2021 Numbers £'000	2022 £'000	2021 £'000
	<b>Allotted, called up and fully paid</b>				
	An ordinary share of £1 each				
	At 1 January	8,101	8,101	8,101	8,101
	<b>At 31 December</b>	<b>8,101</b>	<b>8,101</b>	<b>8,101</b>	<b>8,101</b>

### 13 Employees

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

	2022 Number	2021 Number
Operations	-	2
	-	2

Their aggregate remuneration comprised:

<b>Employment costs</b>	2022 £'000	2021 £'000
Wages and salaries	-	76
Social security costs	-	9
Pension costs	-	3
	-	88

### 14 Directors' remuneration

	2022 £'000	2021 £'000
Remuneration for qualifying services	-	17
	-	17

The Directors were paid by another subsidiary of Capita plc. The Director's have not provided qualifying services to the Company during the year and no remuneration has been allocated to the Company.

## **CAPITA MORTGAGE ADMINISTRATION LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

***FOR THE YEAR ENDED 31 DECEMBER 2022***

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#### **15 Controlling party**

The Company's immediate parent undertaking is Capita Financial Services Holdings Limited, a company incorporated in England & Wales.

The Company's ultimate parent undertaking is 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.

#### **16 Post balance sheet events**

As on 25 April 2023, the Company's share capital was reduced to 1 Ordinary share of £1 nominal value through the cancellation of 8,101,000 Ordinary shares of £1 each. The Company's share premium account was also reduced by £14,892,199 to nil.

On 14 April 2023, the Company irrevocably and unconditionally released Capita Mortgage Software Solutions Limited, its subsidiary company, from its obligation to repay the intercompany loan amounting to £14,482,509.

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

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.