

**Company Registration No. 02549055 (England and Wales)**

**SIMS LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2019**

**SIMS LIMITED**

**COMPANY INFORMATION**

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<b>Directors</b>	S N Taylor on behalf of Capita Corporate Director Limited F A Todd
<b>Secretary</b>	Capita Group Secretary Limited
<b>Company number</b>	02549055
<b>Registered office</b>	65 Gresham Street London United Kingdom EC2V 7NQ
<b>Auditor</b>	KPMG LLP 15 Canada Square London E14 5GL

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# **SIMS LIMITED**

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# **SIMS LIMITED**

## **DIRECTORS' REPORT**

### ***FOR THE YEAR ENDED 31 DECEMBER 2019***

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The Directors present their Directors' Report and financial statements for the year ended 31 December 2019.

#### **Review of business**

The Company is a wholly owned subsidiary (indirectly held) of Capita plc. Capita plc and its subsidiaries are hereafter referred to as "the Group". The Company operates within the Group's Software division.

The principal activity of the Company was provision of software, training and related products and services to the education market in the United Kingdom. The operations of the Company have been discontinued previously but one lease remains in the Company's name.

The Company has filed dormant accounts from 2011 to 2018. However, during the Group's IFRS 16 review it was identified that one lease remains in the Company's name. As a result, the Company has restated each of the affected financial statement line items for the prior period to reflect the IAS 17 operating lease expense and rental income recharge. This restatement had no effect on the net assets or profit for the year ended 31 December 2018 or the opening retained earnings as at 1 January 2018.

As shown in the Company's income statement on page 6, the Company has profit of £nil in 2019 (2018: £nil). As the Company is the legal lessee, the Company adopted IFRS 16 during the year which sets out the principles for the recognition, measurement, presentation and disclosure of leases. The Company has applied IFRS 16 using modified retrospective approach, the effect of which is explained in notes 6, 8 and 13.

The balance sheet on page 7 of the financial statements shows the Company's financial position at the year end. Net assets have remained unchanged at £nil in 2019 (2018: £nil).

#### **Results and dividends**

The results for the year are set out on page 6.

No dividend was proposed or paid during the year (2018: £nil).

#### **Directors**

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

S N Taylor on behalf of Capita Corporate Director Limited  
F A Todd

#### **Political donations**

The Company made no political donations and incurred no political expenditure during the year (2018: £nil).

#### **Auditor**

KPMG LLP, having indicated its willingness, has been appointed as auditor under section 487(2) of the Companies Act 2006.

# **SIMS LIMITED**

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

**FOR THE YEAR ENDED 31 DECEMBER 2019**

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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 the Directors 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 income statement 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;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

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

### **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 unaware. 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 made qualifying third party indemnity provisions for the benefit of its Directors which were made during the year and remain in force at the reporting date.

On behalf of the board

S N Taylor on behalf of Capita Corporate Director Limited

**Director**

65 Gresham Street, London, United Kingdom EC2V 7NQ

30 September 2020

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

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### **Opinion**

We have audited the financial statements of SIMS Limited ("the company") for the year ended 31 December 2019 which comprise the Income Statement, 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 2019 and of its result 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.

### **Material uncertainty related to going concern**

We draw attention to note 1.1 to the financial statements which indicates that the company is reliant on its ultimate parent undertaking, Capita plc, in regard to its ability to continue as a going concern. Under a severe but plausible downside scenario Capita plc may require completion of its planned disposal programme, which requires shareholder approval and approval from the group's lenders. These agreements with third parties constitute a material uncertainty that may cast significant doubt on the company's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

### **Directors' report**

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.

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

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**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; 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.

**Other matter – prior period financial statements**

We note that the prior period financial statements were not audited. Consequently ISAs (UK) require the auditor to state that the corresponding figures contained within these financial statements are unaudited. Our opinion is not modified in respect of this matter.

**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.

**Auditor's 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: <http://www.frc.org.uk/auditorsresponsibilities>.

**INDEPENDENT AUDITOR'S REPORT (CONTINUED)**  
**TO THE MEMBERS OF SIMS 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.

**Ross Martin (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditors**  
*Chartered Accountants*  
15 Canada Square  
London  
E14 5GL

30 September 2020



## **SIMS LIMITED**

### **INCOME STATEMENT**

***FOR THE YEAR ENDED 31 DECEMBER 2019***

		2019	Unaudited Restated* 2018
		£	£
Other income		225,068	214,015
Administrative expenses		(211,059)	(214,015)
<b>Operating profit</b>	<b>3</b>	<b>14,009</b>	-
Net finance cost	<b>5</b>	(14,009)	-
<b>Profit before tax</b>		-	-
Income tax expense		-	-
<b>Total comprehensive income for the year</b>		-	-

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

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

The notes on page 9 to 17 form an integral part of financial statements.

\*Refer note 14

# SIMS LIMITED

## BALANCE SHEET

AS AT 31 DECEMBER 2019

		2019 £	Unaudited 2018 £
<b>Non-current assets</b>			
Right-of-use asset	6	351,763	-
<b>Current assets</b>			
Trade and other receivables	7	14,685	-
<b>Total assets</b>		<b>366,448</b>	<b>-</b>
<b>Current liabilities</b>			
Lease liabilities	8	260,464	-
<b>Non-current liabilities</b>			
Lease liabilities	8	105,984	-
<b>Total liabilities</b>		<b>366,448</b>	<b>-</b>
<b>Net assets</b>		<b>-</b>	<b>-</b>
<b>Capital and reserves</b>			
Issued share capital	9	2	2
Retained deficit		(2)	(2)
<b>Total equity</b>		<b>-</b>	<b>-</b>

The notes on page 9 to 17 form an integral part of financial statements.

Approved by Board and authorised for issue on 30 September 2020

**S N Taylor on behalf of Capita Corporate Director Limited  
Director**

Company Registration No. 02549055

## **SIMS LIMITED**

### **STATEMENT OF CHANGES IN EQUITY**

***FOR THE YEAR ENDED 31 DECEMBER 2019***

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	Share capital	Retained deficit	Total equity
	£	£	£
At 1 January 2018 (unaudited)	2	(2)	-
Total comprehensive income for the year	-	-	-
At 31 December 2018 (unaudited)	2	(2)	-
Total comprehensive income for the year	-	-	-
At 31 December 2019	2	(2)	-

#### **Share Capital**

The balance classified as share capital is the nominal proceeds on issue of the Company's equity share capital, comprising 2 ordinary shares.

#### **Retained deficit**

Pertains to accumulated losses of the Company

The notes on pages 9 to 17 form an integral part of financial statements.

# **SIMS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **FOR THE YEAR ENDED 31 DECEMBER 2019**

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#### **1 Accounting policies**

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

SIMS Limited is a company incorporated, registered and domiciled in the United Kingdom.

The financial statements are prepared under the historical cost basis except where stated otherwise and in accordance with applicable accounting standards. The Company has ceased trading and is requiring an audit due to the existence of one lease in its books.

The Company is reliant on the Group in respect of certain administrative support services and lease liability payments to the lessor, and should the Group be unable to deliver these services and make the payments, the Company would have difficulty continuing as a going concern.

Given the reliance the Company has on the Group, the Directors have considered the financial position of the ultimate parent undertaking as disclosed in its most recent financial statements, being for the six months ended 30 June 2020.

##### **Ultimate parent undertaking – Capita plc**

The Capita plc Board ('the Board') concluded that it was appropriate to adopt the going concern basis, having undertaken a rigorous assessment of the financial forecasts, key uncertainties and sensitivities, including the potential impact of COVID-19, when preparing the Group's consolidated financial statements for the six months to 30 June 2020. These financial statements were approved by the Board on 17 August 2020 and are available on the Group's website ([www.capital.com/investors](http://www.capital.com/investors)).

To address the medium-term resilience of the Group, the Board have announced the planned disposal of the Education Software Services business ('ESS'). It is the Board's expectation that these funds will provide the necessary liquidity headroom to address any potential shortfalls arising in the downside scenarios evaluated, albeit with potentially limited covenant headroom as at 30 June 2021. It is also the Board's expectation that these funds will provide for compliance with all covenants although in certain circumstances this headroom is potentially limited at June 2021. The Board has confidence in the robustness of its primary mitigation (the ESS disposal) against the downside scenarios considered. The Board has several other options which are being actively pursued to provide further resilience in the event of a downside scenario. These include additional disposals and a refinancing of short-term maturities.

##### **Material uncertainty**

The disposal of ESS is subject to shareholder and lender approval, both of which are outside the control of the Company. Accordingly, this gives rise to material uncertainty, as defined in auditing and accounting standards, relating to events and circumstances which may cast significant doubt about the Group's ability to continue as a going concern.

The Board is confident that the ESS disposal will be approved by shareholders and lenders, and based on this expectation believes that, even in a plausible but severe downside scenario, the Group will continue to have adequate financial resources to realise its assets and discharge their liabilities as they fall due over the period to 31 December 2021.

##### **Conclusion**

Although the Company has a reliance on the Group detailed above, even in a severe but plausible downside for both the Company and the Group, the Directors are confident the Company will continue to have adequate financial resources to realise its assets and discharge its liabilities as they fall due over the period to 31 December 2021. Consequently, the annual report and financial statements have been prepared on the going concern basis and do not include any adjustments which would be required if the going concern basis of preparation were to be deemed inappropriate.

However, as the Group's disposal of ESS is subject to shareholder and lender approval, both of which are outside the control of the Group, this gives rise to a material uncertainty relating to events and circumstances which may cast significant doubt about the Group and therefore also the Company's ability to continue as a going concern.

# SIMS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED 31 DECEMBER 2019**

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### 1 Accounting policies

(Continued)

#### 1.2 Compliance with accounting standards

The Company has applied FRS 101 – Reduced Disclosure Framework in the preparation of its financial statements. The Company has prepared and presented these financial statements by applying the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("EU-IFRSs"), but made amendments, where necessary, in order to comply with The Companies Act 2006.

The Company's ultimate parent undertaking, Capita plc, includes the Company in its consolidated statements. The consolidated financial statements are prepared in accordance with EU-IFRS and are available to the public and may be obtained from Capita plc'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, tangible fixed assets 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 in respect of the compensation of key management personnel;
- Certain disclosures as required by IFRS 15;
- Certain disclosures as required by IFRS 16.

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 disclosure:

- 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;
- Certain disclosures required by IFRS 13 *Fair Value Measurement* and the disclosures required by IFRS 7 *Financial Instrument Disclosures*.

# SIMS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

### 1 Accounting policies

(Continued)

#### 1.3 Changes in accounting policies

##### Initial adoption of IFRS 16 Leases

IFRS 16 (effective 1 January 2019) replaces IAS 17 and sets out the principles for the recognition, measurement, presentation and disclosure of leases. The Company applied IFRS 16 using the modified retrospective approach, under which the Company has measured the right-of-use assets at the value of lease liability. Accordingly, the comparative information presented for 2018 has not been restated – i.e. it is presented, as previously reported under IAS 17 and related interpretations. The updated policy on IFRS 16 is set out in note 1.6.

On adoption of IFRS 16, the Company immediately recognised right of use asset representing its right to use the underlying assets and lease liabilities representing its obligation to make lease payments.

##### IFRIC 23 Uncertainty over Income Tax Treatments

IFRIC 23 (effective 1 January 2019) addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 Income Taxes. The Company has initially applied IFRIC 23 Uncertainty over Income Tax Treatments at 1 January 2019. The Company applies judgement in quantifying uncertainties over income tax treatments and has considered whether it should adjust its uncertain tax provisions in line with this new criteria. There is no impact on the Company's financial statements due to the application of IFRIC 23 (2018: £ nil).

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

New amendments or interpretation	Effective date
Prepayment features with negative compensation (Amendments to IFRS 9)	1 January 2019
Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28)	1 January 2019
Plan amendment, curtailment or settlement (Amendments to IAS 19)	1 January 2019
Annual improvements to IFRS Standards 2015-2017 cycle (Amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23)	1 January 2019

#### 1.4 Financial instruments

Trade and other receivables - Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less loss allowance.

Trade and other payables - Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method

#### 1.5 Other income

Rental income on leases is recognised on an accrual basis, and is recognised on a straight line basis unless there is compelling evidence that benefits do not accrue evenly over the period of the lease.

# **SIMS LIMITED**

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

**FOR THE YEAR ENDED 31 DECEMBER 2019**

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### **1 Accounting policies**

**(Continued)**

#### **1.6 Leasing**

The Company has taken land and building on lease.

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. Lease liability is measured at the present value of minimum lease payments determined at the inception of the lease. A right of use asset 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 use 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 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.

#### **1.7 Taxation**

There is no tax expense in the current or prior year.

# SIMS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

### 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.

The key sources of estimation uncertainty that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

- The Company has made judgements in adopting IFRS 16 such as determining contracts in scope for IFRS 16, determining the interest rate used for discounting of future cash flows, and the lease term.

### 3 Operating profit

	Notes	2019 £	Unaudited Restated 2018 £
<b>Operating loss for the year is stated after charging:</b>			
Depreciation of right-of-use asset		211,059	-
Operating lease rentals -Land and building		-	214,015

Audit fees are borne by the ultimate parent undertaking, Capita plc. The audit fee for the current period was £ 3,000 (2018: £nil). 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.

### 4 Other income

	2019 £	Unaudited Restated* 2018 £
Rental income	225,068	214,015
	<b>225,068</b>	<b>214,015</b>

\*Refer note 14

### 5 Finance costs

	2019 £	Unaudited 2018 £
Interest on lease liability	14,009	-



# SIMS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

### 6 Right-of-use asset

	Property
Balance at 1 January 2019	-
Adjustment on transition to IFRS 16 (refer note 14)	562,822
Depreciation charge for the year	(211,059)
<b>Balance at 31 December 2019</b>	<b>351,763</b>

### 7 Trade and other receivables

	2019	Unaudited 2018
Current	£	£
Amounts due from parent & fellow subsidiary undertaking	14,685	-

### 8 Lease liabilities

	2019	Unaudited 2018
Current	£	£
Lease liabilities	260,464	-
Non-current		
Lease liabilities	105,984	-

# SIMS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

### 8 Lease liabilities

(Continued)

In calculating the lease liability to be recognised on adoption, the Company used an incremental borrowing rate at 1 January 2019 of 2.84%.

	2019	
	£	
<b>Lease liabilities</b>		
Operating lease commitments at 31 December 2018 disclosed under IAS 17	536,387	
Discounted using the incremental borrowing rate at 1 January 2019	(23,032)	
	<u>513,355</u>	
<b>Lease liabilities recognised as at 1 January 2019</b>		
out of which		
Current	200,546	
Non Current	312,809	
	2019	2018
	£	£
<b>Maturity analysis - Contractual undiscounted cash flows</b>		
Less than one year	214,555	214,015
Two to 5 years	107,278	322,372
	<u>321,833</u>	
<b>Total undiscounted lease liabilities at 31 December</b>		
	<u>321,833</u>	
<b>Total operating lease commitments at 31 December</b>		<u>536,387</u>

### 9 Issued share capital

	2019	Unaudited 2018	2019	Unaudited 2018
<b>Allotted, called up and fully paid</b>				
Ordinary shares of £1 each				
At 1 January 2019	2	2	2	2
	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>
<b>At 31 December 2019</b>	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>

### 10 Employees

No employees were employed by the Company during 2019 and 2018 except Directors.

### 11 Directors' remuneration

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

## SIMS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

#### 12 Controlling party

The immediate parent company is Capita Business Services Limited, a company incorporated in England and Wales.

The Company's ultimate parent undertaking is Capita plc, a company incorporated in England and Wales. The financial statements of Capita plc are available from the registered office at 65 Gresham Street, London, United Kingdom EC2V 7NQ.

#### 13 Reconciliation of opening balance as at 1 January 2019

	Carrying amount - 31 December 2018	Impact on Adoption of IFRS 16	Remeasured carrying amount as at 1 January 2019
<b>Assets</b>			
Right-of-use assets (a)	-	562,822	562,822
<b>Liabilities</b>			
Trade and other payables (c)		(49,467)	(49,467)
Lease liabilities			
Current (b)	-	(312,809)	(312,809)
Non-current (b)	-	(200,546)	(200,546)

#### Footnotes:

##### a) Right of use assets

Non-current assets have been impacted due to recognition of right of use assets on 1 January 2019. The right of use assets are initially measured at cost, which comprises 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 (reclassified on the opening balance sheet).

##### b) Lease liabilities

Financial liabilities have been impacted due to the recognition of lease liabilities. This liability is initially measured at the present value of the lease payments that are not paid at the adoption date, discounted using the Group's incremental borrowing rate. 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 commencement date. The lease liabilities have been classified between current and non-current.

c) **Reclassification of balance sheet items:** As noted above in a, the right-of-use asset is initially measured at cost plus lease payments made at or before the adoption date (prepayments), less any lease incentives received (rent free accruals) and less onerous provisions existing at the adoption date. These balances have been reclassified to right-of-use asset on adoption.

## SIMS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### FOR THE YEAR ENDED 31 DECEMBER 2019

#### 14 Prior year adjustment

The following is a restatement of the income statement at 31 December 2018:

	Footnotes	As previously stated 2018 £	Impact £	Unaudited Restated 2018 £
Other income	A		214,015	214,015
Administrative expenses	A	-	(214,015)	(214,015)
<b>Operating profit</b>		<b>-</b>		<b>-</b>

##### Footnote A:

During the Group's IFRS 16 review it was identified that one lease remains in the Company's name which has not been accounted for. As a result, the Company has restated each of the affected financial statement line items for the prior period to reflect the IAS 17 operating lease expense and rental income recharge. This restatement had no effect on the net assets or profit for the year ended 31 December 2018 or the opening retained earnings as at 1 January 2018. Additionally, in the prior year the lease commitments were not disclosed, they are also restated in note 8.

#### 15 Post balance sheet event

On 11 March 2020, the World Health Organization declared the Coronavirus (COVID-19) outbreak to be a pandemic in recognition of its rapid spread across the globe, with over 150 countries now affected. Many governments are taking increasingly stringent steps to help contain or delay the spread of the virus. Currently, there is a significant increase in economic uncertainty which the Directors have assessed in considering the going concern assumption.

For the Company's 31 December 2019 financial statements, the Coronavirus outbreak and the related impacts are considered non-adjusting events. The Directors have assessed that there is no material impact on the recognition and measurement of assets and liabilities as a result of this subsequent event.

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.