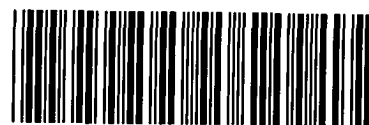


Company Registration No. 05122429 (England and Wales)

CAPITA TRANSLATION AND INTERPRETING LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

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CAPITA TRANSLATION AND INTERPRETING LIMITED

COMPANY INFORMATION

Directors	S J S Mayall on behalf of Capita Corporate Director Limited F A Todd A T Delgado
Secretary	Capita Group Secretary Limited
Company number	05122429
Registered office	30 Berners Street England W1T 3LR
Auditor	KPMG LLP 15 Canada Square London E14 5GL
Banker	Barclays Bank PLC 1 Churchill Place London E14 5HP

CAPITA TRANSLATION AND INTERPRETING LIMITED

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CAPITA TRANSLATION AND INTERPRETING LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

The Directors present their Strategic report and financial statements for the year ended 31 December 2018.

Review of the business

Capita Translation and Interpreting Limited ("the Company") is a 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 Specialist services division.

The principal activity of the Company continued to be that of translation and interpreting services. There have not been any significant changes in the Company's principal activities in the year under review. The Directors are not aware, at the date of this report, of any likely major changes in the Company's activities in the next year.

As shown in the Company's income statement on page 7, the Company's revenue has increased from £16,577,386 in 2017 to £16,778,355 in 2018, while the operating profit has decreased from £1,552,265 in 2017 to £945,888 in 2018.

The balance sheet on page 8-9 of the financial statements shows the Company's financial position at the year end. Net liabilities have decreased from £4,148,525 in 2017 to £2,965,105 in 2018. 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, capital expenditure 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 Specialist services division is discussed in the Group's annual report which does not form part of this report.

Principal risks and uncertainties

The Company is subject to various risks and uncertainties during the ordinary course of its business many of which result from factors outside of its control. The Company's risk management framework provides reasonable (but cannot provide absolute) assurance that significant risks are identified and addressed. An active risk management process identifies, assesses, mitigates and reports on strategic, financial, operational and compliance risk.

The principal themes of risk for the Company are:

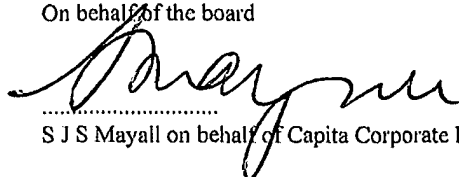
- *Strategic:* changes in economic and market conditions such as contract pricing and competition.
- *Financial:* significant failures in internal systems of control and lack of corporate stability.
- *Operational:* including recruitment and retention of staff, maintenance of reputation and strong supplier and customer relationships, operational IT risk, and failures in information security controls.
- *Compliance:* non-compliance with laws and regulations. The Company must comply with an extensive range of requirements that govern its business.

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

- Regularly reviewing trading 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 an internal control framework.

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

On behalf of the board



S J S Mayall on behalf of Capita Corporate Director Limited

Director

27th September 2019

CAPITA TRANSLATION AND INTERPRETING LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

The Directors present their Directors' Report and financial statements for the year ended 31 December 2018.

Results and dividends

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

No interim or final dividend was paid during the year.(2017: £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 J S Mayall on behalf of Capita Corporate Director Limited

F A Todd

A T Delgado

Disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the company continues and that the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee involvement

The company's policy is to consult and discuss with employees, through unions, staff councils and at meetings, matters likely to affect employees' interests.

Political donations

The Company made no political donations and incurred no expenditure during the year (2017: £nil).

Auditor

KPMG LLP, have indicated its willingness to continue in office and will be deemed to be reappointed as auditor under section 487(2) of the Companies Act 2006.

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
- 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.

CAPITA TRANSLATION AND INTERPRETING LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

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.

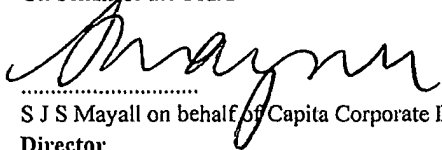
Statement of disclosure to auditor

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 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 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



S J S Mayall on behalf of Capita Corporate Director Limited
Director

27th September 2019

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF CAPITA TRANSLATION AND INTERPRETING LIMITED

Opinion

We have audited the financial statements of Capita Translation and Interpreting Limited (the 'company') for the year ended 31 December 2018 which comprise the Income Statement, the Balance Sheet, the Statement of Changes in Equity and notes to the financial statements, including 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 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS101 Reduced Disclosures Framework;
- 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 sufficient and appropriate to provide a basis for our opinion.

The impact of uncertainties due to the UK exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the Company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardized firm-wide approach in response to that uncertainty when assessing the Company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model, including the impact of Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF CAPITA TRANSLATION AND INTERPRETING LIMITED

Strategic report and directors' report

The directors are responsible for the other information, which comprises the strategic report and the directors' report. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information 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 other information;
- 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

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.

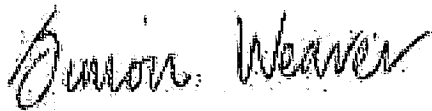
A fuller description of our responsibilities is provided on the FRC's website at: <http://www.frc.org.uk/auditorsresponsibilities>.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF CAPITA TRANSLATION AND INTERPRETING 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.



Simon Weaver (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
15 Canada Square
London
E14 5GL

30 September 2019

CAPITA TRANSLATION AND INTERPRETING LIMITED

INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018 £	2017 £
Revenue	3	16,778,355	16,577,386
Cost of sales		(13,814,757)	(13,697,496)
Gross profit		2,963,598	2,879,890
Administrative expenses		(2,017,710)	(1,327,625)
Operating profit	4	945,888	1,552,265
Impairment of investments	8	-	(1,039,956)
Net finance income/(cost)		429	(141)
Profit before tax		946,317	512,168
Income tax credit/(expense)	5	237,103	(245,107)
Total comprehensive income for the year		1,183,420	267,061

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 accompanying notes on pages 11 to 26 form an integral part of the financial statements.

CAPITA TRANSLATION AND INTERPRETING LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2018

	Notes	2018 £	2017 £
Non-current assets			
Property, plant and equipment	6	70,375	124,798
Intangible asset	7	2,148,630	2,148,630
Investments in subsidiaries	8	1,198,947	1,148,947
Trade and other receivables	9	-	1,203
Deferred tax	5	66,720	53,619
		<u>3,484,672</u>	<u>3,477,197</u>
Current assets			
Trade and other receivables	9	3,133,410	3,720,962
Cash	10	1,002,098	149,485
		<u>4,135,508</u>	<u>3,870,447</u>
Total assets		<u><u>7,620,180</u></u>	<u><u>7,347,644</u></u>
Current liabilities			
Trade and other payables	11	9,709,168	10,064,484
Deferred income	12	228,670	226,339
Financial liabilities	13	544,426	746,316
Provisions	14	40,000	40,000
Income tax payable		63,021	419,030
Total current liabilities		<u>10,585,285</u>	<u>11,496,169</u>
Total liabilities		<u>10,585,285</u>	<u>11,496,169</u>
Net liabilities		<u><u>(2,965,105)</u></u>	<u><u>(4,148,525)</u></u>

CAPITA TRANSLATION AND INTERPRETING LIMITED

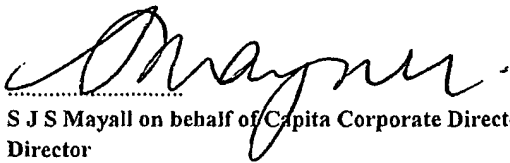
BALANCE SHEET (CONTINUED)

AS AT 31 DECEMBER 2018

	Notes	2018 £	2017 £
Capital and reserves			
Issued share capital	15	100	100
Share premium		5,910	5,910
Capital redemption reserve		8	8
Retained deficit		(2,971,123)	(4,154,543)
Total equity		<u>(2,965,105)</u>	<u>(4,148,525)</u>

The notes on pages 11 to 26 form and integral part of financial statements.

Approved by Board and authorised for issue on 27th September 2019


S J S Mayall on behalf of Capita Corporate Director Limited
Director

Company Registration No. 05122429

CAPITA TRANSLATION AND INTERPRETING LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2018

	Share capital	Share premium	Retained deficit	Capital redemption reserve	Total equity
	£	£	£	£	£
At 1 January 2017	100	5,910	(4,421,604)	8	(4,415,586)
Total comprehensive income for the year	-	-	267,061	-	267,061
At 31 December 2017	100	5,910	(4,154,543)	8	(4,148,525)
Total comprehensive income for the year	-	-	1,183,420	-	1,183,420
At 31 December 2018	100	5,910	(2,971,123)	8	(2,965,105)

Share capital

The balance classified as share capital is the nominal proceeds on issue of the Company's equity share capital, comprising 100 ordinary shares.

Share premium

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

Capital redemption reserve

The company can redeem shares by repaying the market value to the shareholder, whereupon the shares are cancelled. Redemption must be from distributable profits. The Capital redemption reserve represents the nominal value of the shares redeemed.

Retained deficit

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

The notes on pages 11 to 26 form an integral part of financial statements.

CAPITA TRANSLATION AND INTERPRETING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

1.1 Basis of preparation

Capita Translations and Interpreting Limited is a company incorporated 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.

Notwithstanding net current liabilities of £2,965,105 as at 31 December 2018 and a profit for the year then ended of £1,183,420, the financial statements have been prepared on a going concern basis which the Directors consider to be appropriate for the following reasons.

The Directors have prepared cash flow forecasts for a period of 39 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the Company will have sufficient funds, through its overdraft facility and in downside cases funding from its ultimate parent company, Capita plc, to meet its liabilities as they fall due for that period.

Those forecasts are dependent on Capita plc providing additional financial support during that period. Capita plc has indicated its intention to continue to make available such funds as are needed by the Company for the period covered by the forecasts. As with any Company placing reliance on other Group entities for financial support, the Directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the Directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 39 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

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 International Financial Reporting Standards as adopted by the EU (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;
- Certain disclosures as required by IFRS 15; and
- Disclosures in respect of the compensation of key management personnel.

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; and
- Disclosures required by IFRS 7 Financial Instrument Disclosures.

CAPITA TRANSLATION AND INTERPRETING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

(Continued)

1.3 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except for the adoption of IFRS 9 Financial Instruments. In addition, the Company has adopted the new amendments to standards and new IFRIC as detailed below.

Initial adoption of IFRS 9 Financial Instruments

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification, measurement and impairment. The Company has applied IFRS 9 retrospectively, with the initial application date of 1 January 2018. There has been no restatement to the comparative balances for the period beginning 1 January 2017 as there are no requirements under the standard to restate comparatives.

The Company has performed an assessment to understand the requirements of IFRS 9 and how these differ from IAS 39 and has concluded there is no significant impact on the financial statements from the date of adoption. There were no differences between previous carrying amounts and consequently no adjustment has been made to opening retained earnings. The updated account policy is set out in 1.12.

Annual improvements to IFRS Standards 2014–2016 Cycle

As part of its annual improvements cycles, the International Accounting Standards Board amended various standards primarily with a view to removing inconsistencies and clarifying wording.

Amendments to IFRS 2: Classification and Measurement of Share-based Payment Transactions

The amendments are intended to eliminate diversity in practice, are narrow in scope and address three specific areas of classification and measurement.

1.4 Revenue recognition

Revenue is earned within the United Kingdom.

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.

Revenue is recognised either when the performance obligation in the contract has been performed (so 'point in time' recognition).

Transactional (Point in time) contracts

The Company delivers a range of services that are transactional services for which revenue is recognised at the point in time when control of services has transferred to the customer. This may be at the point of 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 of contracts or performance obligations categorised within this revenue type includes fees received in relation to delivery of professional translation and interpreting services.

CAPITA TRANSLATION AND INTERPRETING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

(Continued)

1.4 Revenue recognition (continued)

Contract related assets and liabilities

As a result of the contracts which the Company enters into with its customers, a number of different assets and liabilities are recognised on the Company's balance sheet. These include but are not limited to:

Deferred income (refer below for the accounting policy applied following the adoption of IFRS 15).

Deferred income

The Company's customer contracts can include advance payments schedules dependent upon the nature and type of goods and services being provided. The Company often agrees advance payment schedules at the inception. Payments for transactional goods and services may also 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.

1.5 Goodwill

Goodwill is stated at cost less any accumulated impairment losses. It is not amortised but is tested annually for impairment. This is not in accordance with The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 which requires that all goodwill be amortised. The directors consider that this would fail to give a true and fair view of the profit for the year and that the economic measure of performance in any period is properly made by reference only to any impairment that may have arisen. It is not practicable to quantify the effect on the financial statements of this departure.

On adoption of FRS 101, the Company restated business combinations that took place between 1 January 2004 and 31 December 2010. Certain items were recognised as other intangible assets from goodwill and amortised over their expected useful life and goodwill amortisation was restated to reverse the impact of amortisation over that period. The Company, therefore, restated its opening balance in 2012 to reflect the position had IFRS 3 'Business Combinations' been in effect since 1 January 2004. This is in accordance with the position recorded in the ultimate parent company's consolidated accounts, which the Directors believe is the most appropriate and consistent approach to take on business combinations since the adoption of IFRS in the comparative period for the year ending 31 December 2005. Prior to 1 January 2004 business combinations were accounted for under UK GAAP.

1.6 Property, plant and equipment

Property, plant and equipment other than freehold land are stated at cost less depreciation. Freehold land is not depreciated. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Leasehold improvements	over period of lease
Computer equipment	3 - 5 years

The carrying values of property, plant and equipment are reviewed for impairment if events or changes in circumstance indicate that the carrying value may not be recoverable, and are written down immediately to their recoverable amount. Useful lives and residual values are reviewed annually and where adjustments are required these are made prospectively.

1.7 Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

CAPITA TRANSLATION AND INTERPRETING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

(Continued)

1.8 Investment in subsidiary

All investments are initially recorded at their cost. Subsequently they are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable.

1.9 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is 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 income tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences:

- except where the deferred tax liability arises from the initial recognition of goodwill;
- except where the deferred income tax liability 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; and
- in respect of taxable temporary differences associated with investments in subsidiaries, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income 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 assets and unused tax losses can be utilised, except where the deferred income tax asset relating to the deductible temporary differences 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.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

CAPITA TRANSLATION AND INTERPRETING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

(Continued)

1.10 Share-based payments

The Company participates in various share option and sharesave schemes operated by Capita plc, the ultimate parent undertaking. Details of these schemes are contained in the Group's annual report.

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted and is recognised as an expense over the vesting period, which ends on the date on which the relevant employees become fully entitled to the award. Fair value is determined using an option pricing model. In valuing equity-settled transactions, no account is taken of any vesting conditions, other than conditions linked to the price of the shares of the Company (market conditions).

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

At each balance sheet date before vesting, the cumulative expense is calculated, representing the extent to which the vesting period has expired and management's best estimate of the achievement or otherwise of non-market conditions, the number of equity instruments that will ultimately vest or in the case of an instrument subject to a market condition, be treated as vesting as described above.

The movement in cumulative expense, attributable to the Company, since the previous balance sheet date is recognised in the profit and loss account and settled with Capita plc, the ultimate parent undertaking.

In accordance with IFRS 2, share option awards of the ultimate parent Company's equity instruments in respect of settling grants to employees of the Company are disclosed as a charge to the profit and loss account and a credit to equity. The Company's policy is to reimburse its ultimate parent Company through the intercompany account for charges that are made to it. Hence the credit to equity has been eliminated, rather reflecting a credit to inter-Company which better describes the underlying nature of the transaction.

1.11 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.

CAPITA TRANSLATION AND INTERPRETING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

(Continued)

1.12 Financial instruments

(i) Classification

Applicable from 1 January 2018, 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 entity's business model for managing the financial assets and the contractual terms of the cash flows.

(ii) 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.

(iii) 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.

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the income statement as applicable.

(iv) Impairment

From 1 January 2018, 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, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see note 11 for further details.

(v) Accounting policies applied until 31 December 2017

The Company has applied IFRS 9 retrospectively, but has elected not to restate comparative information. As a result, the comparative information provided continues to be accounted for in accordance with the Company's previous accounting policy, as shown below:

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, and trade and other payables.

CAPITA TRANSLATION AND INTERPRETING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

(Continued)

1.12 Financial instruments (continued)

Trade and other receivables

The Company assesses on a forward-looking basis the expected credit losses associated with its receivables carried at amortised cost. 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 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.

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 original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts are shown within current financial liabilities.

1.13 Impairment of non-financial assets

At each reporting date, the Company assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Company makes a formal estimate of the asset's recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. The recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use is determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

1.14 Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

1.15 Foreign exchange

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to Income Statement.

CAPITA TRANSLATION AND INTERPRETING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

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 determines whether investments are impaired based on any impairment indicators. This involves estimation of the enterprise value of the investee which is determined based on the greater of discounted future cash flows at a suitable discount rate or through the recoverable value of investments held by the investee Company.

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

	Notes	2018 £	2017 £
Operating profit for the year is stated after (crediting)/charging:			
Net foreign exchange (gains)/losses		(23,685)	14,284
Depreciation of property, plant and equipment	6	87,727	145,453
Operating lease rentals - plant and machinery		68,543	106,696
Operating lease rentals - other assets		90,872	110,523

Audit fees are borne by the ultimate parent undertaking, Capita plc. The audit fee for the current period was £ 15,450. (2017: £ 11,550). 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 group accounts of the ultimate parent undertaking, which it is required to prepare in accordance with the Companies Act 2006.

CAPITA TRANSLATION AND INTERPRETING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

5 Income tax

The major components of income tax expense for the years ended 31 December 2018 and 2017 are:

	2018 £	2017 £
Current tax		
UK corporation tax	175,976	255,164
Adjustments in respect of prior periods	(399,978)	(28,104)
	<u>(224,002)</u>	<u>227,060</u>
Deferred tax		
Origination and reversal of temporary differences	3,917	2,679
Adjustment in respect of prior periods	(17,018)	15,368
	<u>(13,101)</u>	<u>18,047</u>
Total tax (credit)/charge reported in the income statement	<u><u>(237,103)</u></u>	<u><u>245,107</u></u>

The reconciliation between tax (credit)/charge and the accounting profit multiplied by the UK corporation tax rate for the years ended 31 December 2018 and 2017 is as follows:

	2018 £	2017 £
Profit before tax	<u>946,317</u>	<u>512,168</u>
Profit before taxation multiplied by standard rate of corporation tax in the UK of 19.00% (2017: 19.25%)	<u>179,800</u>	<u>98,592</u>
Expenses not deductible for tax purposes	554	201,304
Impact of changes in statutory tax rates	(461)	(353)
Unutilised tax losses carried forward	-	(41,700)
Adjustments in respect of current income tax of prior periods	(399,978)	(28,104)
Adjustments in respect of deferred income tax of prior periods	(17,018)	15,368
Total adjustments	<u>(416,903)</u>	<u>146,515</u>
Total tax (credit)/charge reported in the income statement	<u><u>(237,103)</u></u>	<u><u>245,107</u></u>

Deferred tax

The UK corporation tax rate has been decreased from 20% to 19% from 1 April 2017 with a further reduction to 17% from 1 April 2020. The deferred tax balance is calculated reflecting this future reduction.

CAPITA TRANSLATION AND INTERPRETING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

5 Income tax (Continued)

	Balance sheet		Income Statement	
	2018	2017	2018	2017
	£	£	£	£
Deferred Tax (Asset)/Liability				
Accelerated/(decelerated) capital allowances	(66,235)	(51,556)	(14,678)	(11,751)
Tax losses	-	-	2,062	
Other short term timing differences	(485)	(2,063)	(485)	29,798
Net deferred tax (asset)/liability	(66,720)	(53,619)		
Deferred income tax (credit)/charge			(13,101)	18,047

6 Property, plant and equipment

	Leasehold improvements	Computer equipment	Total
	£	£	£
Cost			
At 1 January 2018	15,753	443,443	459,196
Additions	-	33,304	33,304
Asset retirement	(15,753)	(222,646)	(238,399)
At 31 December 2018	-	254,101	254,101
Depreciation and impairment			
At 1 January 2018	13,427	320,971	334,398
Depreciation	2,326	85,401	87,727
Asset retirement	(15,753)	(222,646)	(238,399)
At 31 December 2018	-	183,726	183,726
Net book value			
At 31 December 2017	2,326	122,472	124,798
At 31 December 2018	-	70,375	70,375

CAPITA TRANSLATION AND INTERPRETING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

7 Intangible asset

	Goodwill £
Cost	
At 1 January 2018	2,148,630
At 31 December 2018	2,148,630
Net book value	
At 31 December 2017	2,148,630
At 31 December 2018	2,148,630

8 Investment in subsidiaries

	2018 £	2017 £
Cost		
Opening balance	2,188,903	1,148,947
Additions during the year	50,000	2,899,000
Transfer to goodwill	-	(1,859,044)
At 31 December 2018	2,238,903	2,188,903
Impairment		
Opening balance	(1,039,956)	-
Impairment	-	(1,039,956)
At 31 December 2018	(1,039,956)	(1,039,956)
Net book value	1,198,947	1,148,947

CAPITA TRANSLATION AND INTERPRETING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

8 Investment in subsidiaries

Details of the Company's direct subsidiaries at 31 December 2018 are as follows:

Company	Country of registration or incorporation	Ordinary shares held (%)	Nature of business
Capita Translation and Interpreting LLC	Corporation Trust Centre, 1209 Orange Street, Wilmington, New Castle DE 19801, USA	100	Translation Services
ITR International Translation Resources Limited	30 Berners Street, London W1T 3LR, England	100	Translation Services
Amity Communications Limited	30 Berners Street, London W1T 3LR, England	100	Translation Services

9 Trade and other receivables

Current	2018 £	2017 £
Trade receivables	2,262,385	2,798,835
Accrued income	250,040	379,199
Prepayments	82,083	140,035
Amounts due from parent & fellow subsidiary undertaking	538,902	392,261
Other receivables	-	10,632
	<u>3,133,410</u>	<u>3,720,962</u>
Non-current	2018 £	2017 £
Prepayments	-	1,203
	<u>-</u>	<u>1,203</u>

10 Cash

	2018 £	2017 £
Cash at bank and in hand	1,002,098	149,485
	<u>1,002,098</u>	<u>149,485</u>

CAPITA TRANSLATION AND INTERPRETING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

11 Trade and other payables

	2018 £	2017 £
Trade payables	254,031	812,218
VAT Payable	440,606	507,493
Accruals	1,159,745	1,090,002
Amounts due to parent and fellow subsidiary undertaking	7,854,786	7,654,408
Other payables	-	363
	<u>9,709,168</u>	<u>10,064,484</u>

12 Deferred income

	2018 £	2017 £
Deferred income	228,670	226,339
	<u>228,670</u>	<u>226,339</u>

13 Financial liabilities

	2018 £	2017 £
Overdrafts	544,426	746,316
	<u>544,426</u>	<u>746,316</u>

14 Provisions

	Property provision	
	2018 £	2017 £
As at 1 January	40,000	40,000
At 31 December	<u>40000</u>	<u>40000</u>

The property provision represents a dilapidations provision. The company is required to perform repairs on leased properties, prior to the properties being vacated at the end of their lease term. Dilapidation provisions for such costs are where a legal obligation is identified and the liability can be reasonably quantified. The provisions are expected to be utilised within the next year.

CAPITA TRANSLATION AND INTERPRETING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

15 Issued share capital	2018 Numbers	2017 Numbers	2018 £	2017 £
Allotted, called up and fully paid of £1 each				
At 1 January 2018	100	100	100	100
At 31 December 2018	100	100	100	100

Share capital

The nominal proceeds on issue of the company's equity share capital, comprising £1 ordinary shares.

16 Operating lease commitments

At the reporting date the Company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Land and building		Other	
	2018	2017	2018	2017
	£	£	£	£
Within one year	95,000	-	8,992	9,981
Between two and five years	-	-	11,504	8,195
Total	95,000	-	20,496	18,176

17 Employee benefits

The total costs charged to income in respect of defined contribution plans is £147,023 (2017 - £128,252).

18 Employees

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

	2018 Number	2017 Number
Sales	22	28
Operations	78	78
Administration	23	31
	123	137

CAPITA TRANSLATION AND INTERPRETING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

18 Employees (Continued)

Their aggregate remuneration comprised:

	2018	2017
Employee costs	£	£
Wages and salaries	3,429,633	3,975,007
Social security costs	354,796	408,837
Pension costs	147,023	128,252
	<u>3,931,452</u>	<u>4,512,096</u>

19 Directors' remuneration

	2018	2017
	£	£
Remuneration for qualifying services	153,709	28,368
Company pension contributions to defined contribution schemes	4,950	3,325
	<u>158,659</u>	<u>31,693</u>

Only one Director was paid by the Company. The other 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.

The number of Directors for whom retirement benefits are accruing under defined benefit schemes amounted to 1 (2017 - 1). The number of directors who exercised share options during the year was nil (2017 - nil).

In addition to above, the Directors of the Company were reimbursed for the expenses incurred by them whilst performing business responsibilities.

CAPITA TRANSLATION AND INTERPRETING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

20 Related party transactions

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year:

Nature of Transaction	Name of Company	Year	Fellow Subsidiary	Total
Sales of Goods	Fera Science Limited	December 31, 2018	6,414	6,414
		December 31, 2017	3,212	3,212
	Axelos Limited	December 31, 2018	51,791	51,791
		December 31, 2017	32,775	32,775
	Total	December 31, 2018	58,205	58,205
		December 31, 2017	35,987	35,987

Closing balance of Related Parties

				£
Nature of Transaction	Name of Company	Year	Fellow Subsidiary	Total
Trade Receivables				
	Fera Science Limited	December 31, 2018	535	535
		December 31, 2017	3,212	3,212
	Axelos Limited	December 31, 2018	1,018	1,018
		December 31, 2017	32,775	32,775
	Total	December 31, 2018	1,553	1,553
		December 31, 2017	35,987	35,987

Terms and conditions of transactions with related parties

All transactions were undertaken at normal market prices

21 Post balance sheet event

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

22 Controlling party

The Company's immediate parent is Capita Holdings Limited, a company incorporated in England and Wales.

The Company's ultimate parent is Capita plc. The accounts of Capita plc are available from the registered office at 30 Berners Street, London, W1T 3LR.