

Company Registration No. 05122429 (England and Wales)

CAPITA TRANSLATION AND INTERPRETING LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

CAPITA TRANSLATION AND INTERPRETING LIMITED

COMPANY INFORMATION

Directors	R Fairclough A T Delgado S N Taylor on behalf of Capita Corporate Director Limited	(Appointed on 8 January 2020)
Secretary	Capita Group Secretary Limited	
Company number	05122429	
Registered office	65 Gresham Street London England EC2V 7NQ	
Auditor	KPMG LLP 15 Canada Square London E14 5GL	
Banker	Barclays Bank PLC 1 Churchill Place London E14 5HP	

CAPITA TRANSLATION AND INTERPRETING LIMITED

CONTENTS

	Pages
Strategic report	1 - 3
Directors' report	4 - 5
Independent auditor's report to the members of Capita Translation and Interpreting Limited	6 - 9
Income Statement	10
Balance sheet	11 - 12
Statement of changes in equity	13
Notes to the financial statements	14 - 32

CAPITA TRANSLATION AND INTERPRETING LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

The Directors present their Strategic report and financial statements for the year ended 31 December 2020.

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 continues 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 10, the Company's revenue has decreased from £15,888,588 in 2019 to £15,429,488 in 2020, while the operating profit has decreased from £770,688 in 2019 to £628,769 in 2020. Revenue was impacted early on in 2020 by the COVID pandemic, most notably within the Interpreting business. However this stabilised quickly as remote interpreting grew quickly in response to the COVID restrictions. This has resulted into marginal decrease in operating profit.

During the year, the Company received a dividend of US\$368,186 (£295,803) from its subsidiary Capita Translation and Interpreting LLC on 16 March 2020, which was satisfied in specie via an intragroup loan for the same amount. Capita Translation and Interpreting LLC then reassigned the obligations to settle the intragroup loan arising from the dividend to Capita Translation and Interpreting (USA) LLC (a fellow subsidiary of Capita plc) by way of a novation agreement in exchange for settlement of an intragroup loan for the equivalent amount between those two entities.

The balance sheet on pages 11 - 12 of the financial statements shows the Company's financial position at the year end. Net liabilities have decreased from £2,586,311 in 2019 to £1,786,064 in 2020 due to profits generated during the year. Details of amounts owed by/to its parent Company and fellow subsidiary undertakings are shown in notes 13 and 15 to the financial statements.

Key performance indicators used by the Group 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 form part of this report.

CAPITA TRANSLATION AND INTERPRETING LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

Section 172 Statement

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

Further details of the Group's approach to each stakeholder are provided in Capita plc's section 172 statement on pages 38 and 39 of Capita plc's 2020 Annual Report.

Our People What matters to them? How we engaged? Topics of Engagement Outcomes and actions Key Metrics	Flexible working, learning and development opportunities leading to career progression, fair pay and benefits as a reward for performance, two-way communication, and feedback. People surveys, regular all-employee communications. Protection of employees during Covid-19, human resources policies during Covid-19, future ways of working as a result of Covid-19, and creating an inclusive workplace. Issue of Capita specific Covid-19 guidance and regular updates, new and temporary human resource policies (eg. furlough and flexible working). Employee net promoter score, people survey completion level.
Clients and Customers What matters to them? How we engaged? Topics of Engagement Outcomes and actions Key Metrics	High-quality service delivery, sustainability, and rapid response to support pandemic planning. Client meetings and surveys, regular meetings with key clients and customers. Remote working on client services as a result of Covid-19, current service delivery, possible future services, and co-creation of client value propositions. Receipt of regular detailed feedback summaries, application of standard Capita plc policies and procedures which includes the establishment of the Group contract review committee to ensure delivery against contractual obligations. Customer net promoter score, specific feedback on client engagements.
Supplier and Partners What matters to them? How we engaged? Topics of Engagement Outcomes and actions Key Metrics	Payments made within agreed payment terms, clear and fair procurement process, building lasting commercial relationships, and working inclusively with all types of business. Supplier meetings throughout the source to procure process, regular reviews with suppliers, and supplier questionnaires. Supplier payments, sourcing requirements, supplier performance, and the Supplier Charter. Alignment of payments with agreed terms, supplier feedback on improvements to the procurement process, improvement plans and innovation opportunities, and improved adherence to the Supplier Charter. Percentage of supplier payments within agreed terms, supplier relationship management feedback score, and supplier diversity profile.

CAPITA TRANSLATION AND INTERPRETING LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

Society	
What matters to them?	Social mobility, youth skills and jobs, digital inclusion, diversity and inclusion, climate change, and business ethics.
How we engaged?	Membership of non-governmental organisations, and charitable and community partnerships.
Topics of Engagement	Youth employment, tackling digital exclusion, workplace inequalities, and carbon reduction targets.
Outcomes and actions	Implementation of real living wage, youth and employability programme, and commitments to tackle racism and enhance ethnic diversity.
Key Metrics	Percentage reduction in carbon footprint, amount of community investment, and responsible business report 2020: capita.com/responsiblebusiness .

On behalf of the Board

S N Taylor on behalf of Capita Corporate Director Limited

Director

17 June 2021

CAPITA TRANSLATION AND INTERPRETING LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

The Directors present their Directors' report and financial statements for the year ended 31 December 2020.

Results and dividends

The results for the year are set out on page 10.

No interim or final dividend was paid or proposed during the year (2019: £nil).

Directors

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

R Fairclough	(Appointed on 8 January 2020)
A T Delgado	
F A Todd	(Resigned on 10 January 2020)
S N Taylor on behalf of Capita Corporate Director Limited	

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's 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 (2019: £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 international accounting standards in conformity with the requirements of the Companies Act 2006 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 reliable;
- 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 2020

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 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 N Taylor on behalf of Capita Corporate Director Limited
Director

17 June 2021

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 2020 which comprise the Income Statement, the Balance Sheet, the 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 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 ; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

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. The most recent financial statements of Capita plc include material uncertainties that may cast significant doubt on its ability to continue as a going concern. The reliance of the Company on Capita plc accordingly means that these events and conditions constitute a material uncertainty that may cast significant doubt on the Group's and in turn, the Company's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

Going concern basis of preparation

The directors have prepared the financial statements on the going concern basis. As stated above, they have concluded that a material uncertainty related to going concern exists. Based on our financial statements audit work, we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

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

Our risk assessment procedures included:

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

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF CAPITA TRANSLATION AND INTERPRETING LIMITED

Fraud and breaches of laws and regulations – ability to detect (continued)

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

As required by auditing standards, and taking into account possible pressures to meet profit and revenue targets, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries.

On this audit we do not believe there is a fraud risk related to revenue recognition because the Company has simple revenue streams with limited complexity around revenue recognition.

We did not identify any additional fraud risks.

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

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

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

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

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

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

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

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

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

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

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF CAPITA TRANSLATION AND INTERPRETING LIMITED

Strategic report and directors' report

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

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

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

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on pages 4-5, 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 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.

Ross Martin (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

15 Canada Square

London

E14 5GL

17 June 2021

CAPITA TRANSLATION AND INTERPRETING LIMITED

INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 £	2019 £
Revenue	3	15,429,488	15,888,588
Cost of sales		(12,742,768)	(12,884,682)
Gross profit		2,686,720	3,003,906
Administrative expenses		(2,057,951)	(2,233,218)
Operating profit	4	628,769	770,688
Net finance income	6	484	9,230
Investment income	7	295,803	2,278,588
Impairment of investments	12	-	(1,198,947)
Intercompany write-off	15	-	(1,081,441)
Profit before tax		925,056	778,118
Income tax charge	8	(124,809)	(399,324)
Total comprehensive income for the year		800,247	378,794

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 pages 14 to 32 form an integral part of these financial statements.

CAPITA TRANSLATION AND INTERPRETING LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2020

	Notes	2020 £	2019 £
Non-current assets			
Property, plant and equipment	9	46,679	21,193
Intangible assets	10	2,148,630	2,148,630
Right of use asset	11	123,483	-
Deferred tax	8	92,370	96,790
		2,411,162	2,266,613
Current assets			
Trade and other receivables	13	5,321,388	3,208,050
Cash	14	92,781	2,158,804
		5,414,169	5,366,854
Total assets		7,825,331	7,633,467
Current liabilities			
Trade and other payables	15	7,884,296	8,182,080
Deferred income	16	124,336	74,044
Financial liabilities	17	1,170,709	1,571,406
Lease liabilities	18	48,582	-
Provisions	19	40,000	40,000
Income tax payable		277,280	352,248
		9,545,203	10,219,778
Non-current liabilities			
Lease liabilities	18	66,192	-
		66,192	-
Total liabilities		9,611,395	10,219,778
Net liabilities		(1,786,064)	(2,586,311)

CAPITA TRANSLATION AND INTERPRETING LIMITED

BALANCE SHEET (CONTINUED)

AS AT 31 DECEMBER 2020

		2020	2019
	Notes	£	£
Capital and reserves			
Issued share capital	20	100	100
Share premium		5,910	5,910
Capital redemption reserve		8	8
Retained deficit		(1,792,082)	(2,592,329)
Total deficit		(1,786,064)	(2,586,311)

The notes on pages 14 to 32 form an integral part of these financial statements.

Approved by the Board and authorised for issue on 17 June 2021

S N Taylor 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 2020

	Share capital	Share premium	Retained deficit	Capital redemption reserve	Total deficit
	£	£	£	£	£
At 1 January 2019	100	5,910	(2,971,123)	8	(2,965,105)
Total comprehensive income for the year	-	-	378,794	-	378,794
At 31 December 2019	100	5,910	(2,592,329)	8	(2,586,311)
Total comprehensive income for the year	-	-	800,247	-	800,247
At 31 December 2020	100	5,910	(1,792,082)	8	(1,786,064)

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 14 to 32 form an integral part of these financial statements.

CAPITA TRANSLATION AND INTERPRETING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

1.1 Basis of preparation

Capita Translation and Interpreting Limited is a company incorporated and domiciled in the United Kingdom.

In determining the appropriate basis of preparation for the annual report and financial statements for the year ended 31 December 2020, the Company's Directors ("the Directors") are required to consider whether the Company can continue in operational existence for the foreseeable future, being a period of at least 12 months following the approval of these accounts. The Directors have concluded that it is appropriate to adopt the going concern basis, having undertaken a rigorous assessment of the financial forecasts, key uncertainties, and sensitivities, as set out below.

Board assessment

Base case scenario

The financial forecasts used for the going concern assessment are derived from the 2021-2023 business plans ('BP') for the Company which have been subject to review and challenge by management and the Directors. The Directors have approved the projections. The BP captures the benefits that the Capita group-wide transformation plan is anticipated to deliver, including sales growth together with margin improvements and cost out targets, and the costs to achieve these. Covid-19 has introduced unprecedented economic uncertainties and has led to increased judgement particularly in forecasting future financial performance. The forecast impact of Covid-19 has been incorporated within the base case forecasts, however the continuing uncertainty over how the Covid-19 pandemic might evolve, including the speed and timing of economic recovery, makes precise forecasting challenging.

Severe but plausible downside

In addition to the base case, the Directors considered severe but plausible downside scenarios, recognising the execution risk associated with the transformation programme and the broader uncertainty arising from Covid-19. The downside scenarios include trading downside risks, which assumes the transformation plan is not successful in delivering the anticipated revenue growth, together with increased attrition, and further impacts of Covid-19. In addition, the downside scenario includes potential adverse financial impacts that could arise from unforeseen operational issues leading to contract losses and cash outflows.

Offsetting these risks the Directors have considered available mitigations within the direct control of the Company, including continued reductions to variable pay rises, setting aside any bonus payments and limiting discretionary spend.

Finally, the assessment has considered the extent to which the Company is reliant on the Group. The Company is reliant on the Group in respect of the following:

- provision of certain services, such as administrative support services and should the Group be unable to deliver these services, the Company would have difficulty in continuing to trade;
- participation in the Group's notional cash pooling arrangements, of which £1,263,010 was advanced at 31 May 2021. In the event of a default by the Group, the Company may not be able to access its facility within the pooling arrangement; and
- recovery of receivables of £3,437,103 from fellow Group undertakings as of 31 May 2021. If these receivables are not able to be recovered when forecast by the Company, then the Company may have difficulty in continuing to trade.

On 28 May 2021, the Company issued 1 Ordinary share of £1 each at a premium of £5,964,182.77 to its immediate parent undertaking, Capita Holdings Limited. Pursuant to this event, the Company is now in a net asset position. Refer note 26 for post balance sheet events.

CAPITA TRANSLATION AND INTERPRETING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

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 year ended 31 December 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, when preparing the Group's consolidated financial statements to 31 December 2020. These financial statements were approved by the Board on 16 March 2021 and are available on the Group's website (www.capita.com/investors). Below is a summary of the position as at 16 March 2021:

Accounting standards require that the foreseeable future covers a period of at least 12 months from the date of approval of the financial statements, although they do not specify how far beyond 12 months a Board should consider. In the prior year, the Board considered an extended period out to 31 August 2022 (30 months) which aligned with the expiry of the revolving credit facility (RCF). The Board continued to consider the period out to 31 August 2022 for the purpose of the going concern assessment, which reflects a period of at least 18 months from the date of approval of the Group consolidated financial statements (the going concern period). While this is a shorter period, it does align with the expiry of the RCF which is a key consideration. The Board also considered any committed outflows beyond this period in forming their assessment.

To address the resilience of the Group to its severe but plausible downside scenarios, the Board has been exploring a refinancing of the debt maturities to reprofile the debt repayments to align with the completion of the transformation programme while also providing the financial support necessary to complete the required investments. While refinancing was not completed in 2020, the Board did successfully arrange backstop facilities in February and August 2020, is already in discussion with lenders, and is targeting completion of a refinancing in 2021.

In addition to refinancing, the Board has approved a continuation of the previously announced disposal programme which covers businesses that do not align with the longer-term strategy for the Group. The Group has a strong track record of executing major planned disposals and the Board is confident that the disposal programme can be delivered given the strength of the underlying businesses and the value they deliver. The planned disposals will introduce considerable net cash proceeds to the Group, albeit with a corresponding removal of consolidated profits associated with these businesses.

Material uncertainties related to the group

The Board recognises that any refinancing, should the severe downside play out, would require third party agreements from lenders. Furthermore, the disposal programme requires agreement from third parties, and major disposals may be subject to shareholder and lender approval. Such agreements and approvals are outside the direct control of the Group. Accordingly, these events give rise to material uncertainties, as defined in auditing and accounting standards, relating to events and circumstances which may cast significant doubt about the Group's and Parent's ability to continue as a going concern and, therefore, that the Group and Company may be unable to realise their assets and discharge their liabilities in the normal course of business.

Reflecting the Board's confidence in the transformation programme, ability to refinance, and execution of the approved disposal programme, the Company continues to adopt the going concern basis in preparing the financial statements. The Board has concluded that the Group and Parent Company will continue to have adequate financial resources to realise their assets and discharge their liabilities as they fall due over the period to 31 August 2022. Consequently, these financial statements do not include any adjustments which would be required if the going concern basis of preparation is inappropriate.

CAPITA TRANSLATION AND INTERPRETING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

Conclusion

Although the Company has a reliance on the Group as 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 release its assets and discharge its liabilities as they fall due over the period to 31 August 2022. Consequently, the annual report and financial statements have been prepared on the going concern basis.

However, as the Group's financial statements have identified material uncertainties giving rise to significant doubt over the Group's ability to continue as a going concern, given the Company's reliance on the Group as set out above, this in turn gives rise to a material uncertainty relating to events and circumstances which may cast significant doubt about the Company's ability to continue as a going concern and, therefore, that the Company may be unable to realise its assets and discharge its liabilities in the normal course of business. The financial statements do not include any adjustments which would be required if the going concern basis of preparation were to be deemed inappropriate.

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 accounting standards in conformity with the requirements of 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 accounting standards in conformity with the requirements of the Companies, Act 2006 and International Financial Reporting Standards (IFRSs) adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union and are available to the public and may be obtained from Capita plc's website on <http://capita.com/investors>.

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;
- Disclosures in respect of the compensation of key management personnel; and
- 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; and
- Certain disclosures required by IFRS 13 Fair Value Measurement and the 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 2020

1 Accounting policies

(Continued)

1.3 Changes in accounting policies

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	Effective date
Amendments to References to the Conceptual Framework in IFRS Standards	1 January 2020
Definition of Material (Amendments to IAS 1 and IAS 8)	1 January 2020
Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)	1 January 2020
Definition of a Business (Amendments to IFRS 3)	1 January 2020

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 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.

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:

- Accrued income
- Deferred income

Deferred and accrued income

The Company's customer contracts include a diverse range of payment schedules dependent upon the nature and type of goods and services being provided. The Company often agrees payment schedules at the inception. Payments for transactional goods and services may be at delivery date, in arrears or part payment in advance. Where payments made are greater than the revenue recognised at the period end date, the Company recognises a deferred income contract liability for this difference. Where payments made are less than the revenue recognised at the period end date, the Company recognises an accrued income contract asset for this difference.

At each reporting date, the Company assesses whether there is any indication that accrued income assets may be impaired by considering whether the revenue remains highly probable that no revenue reversal will occur. 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.

CAPITA TRANSLATION AND INTERPRETING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

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:

Fixtures, fittings & equipment	3 - 5 years
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 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.

CAPITA TRANSLATION AND INTERPRETING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

1.8 Leasing

The Company leases various assets, comprising land and buildings.

The determination whether an arrangement is, or contains, a lease is based on whether the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

The following sets out the Company's lease accounting policy for all leases with the exception of leases with low value and term of 12 months or less which are expensed to the consolidated income statement.

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

At the inception of the lease, the Company recognises a right-of-use asset at cost, which comprises the present value of minimum lease payments determined at the inception of the lease. 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 administrative expenses in the consolidated income statement. Amendment to lease terms resulting in a change in payments or the length of the lease results in an adjustment to the right-of-use asset and liability. Right-of-use assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be fully recoverable.

The Company recognises lease liabilities where a lease contract exists and right-of-use assets representing the right to use the underlying leased assets. At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of the lease payments to be made over the lease term.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. The incremental borrowing rate is the rate of interest that the Company would have to pay to borrow, over a similar term and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. Incremental borrowing rates are determined monthly and depend on the term, country, currency and start date of the lease. The incremental borrowing rate is determined based on a series of inputs including: the risk-free rate based on swap market data; a country-specific risk adjustment; a credit risk adjustment; and an entity-specific adjustment where the entity risk profile is different to that of the Group.

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.

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 net finance costs in the consolidated income statement. 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. 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 an option to terminate are included if it is reasonably certain that this will not be exercised. The Company has elected to apply the practical expedient in IFRS 16 paragraph 15 not to separate non-lease components such as service charges from lease rental charges.

CAPITA TRANSLATION AND INTERPRETING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

1.9 Pensions

The Company participates in a number of defined contribution schemes and contributions are charged to the income statement account in the year in which they are due. These schemes are funded and the payment of contributions is made to separately administered trust funds. The assets of these schemes are held separately from the Company. The Company remits monthly pension contributions to Capita Business Services Limited, a fellow subsidiary undertaking, which pays the Group liability centrally. Any unpaid contributions at the year-end have been accrued in the accounts of that company.

1.10 Taxation

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

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

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

Deferred tax 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 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, associates and interests in joint ventures, 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 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 difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

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

Deferred 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.

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 2020

1 Accounting policies

(Continued)

1.12 Financial instruments

(i) Classification

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

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

The classification depends on the 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

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.

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.

CAPITA TRANSLATION AND INTERPRETING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

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.

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.

3 Revenue

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

CAPITA TRANSLATION AND INTERPRETING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

4 Operating profit

	Notes	2020 £	2019 £
Operating profit for the year is stated after charging:			
Net foreign exchange losses		204,490	26,905
Depreciation of property, plant and equipment	9	20,233	57,447
Short-term leases - plant and machinery		11,112	17,352
Short-term leases - other assets		25,205	1,268
Depreciation of ROUA - property, plant and equipment	11	74,167	107,939

Audit fees are borne by the ultimate parent undertaking, Capita plc. The audit fee for the current period was £25,000 (2019: £15,502). 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.

5 Leases under IFRS 16

	2020 £	2019 £
Interest expense on lease liabilities	1,095	1,311
Expenses relating to short-term leases (refer note 4)	36,317	18,620
	<u>37,412</u>	<u>19,931</u>

6 Net finance income

	2020 £	2019 £
Interest on bank deposits	3,725	10,541
Interest expense on lease liabilities	(1,095)	(1,311)
Bank overdrafts and loans	(2,146)	-
	<u>484</u>	<u>9,230</u>

7 Investment income

	2020 £	2019 £
Income from shares in Group undertakings	295,803	2,278,588
	<u>295,803</u>	<u>2,278,588</u>

During the year, the Company received a dividend of US\$368,186 (£295,803) from its subsidiary Capita Translation and Interpreting LLC on 16 March 2020, which was satisfied in specie via an intragroup loan for the same amount. Capita Translation and Interpreting LLC then reassigned the obligations to settle the intragroup loan arising from the dividend to Capita Translation and Interpreting (USA) LLC (a fellow subsidiary of Capita plc) by way of a novation agreement in exchange for settlement of an intragroup loan for the equivalent amount between those two entities.

CAPITA TRANSLATION AND INTERPRETING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

8 Income tax

The major components of income tax charge for the years ended 31 December 2020 and 2019 are:

	2020 £	2019 £
Current tax		
UK corporation tax	117,821	160,273
Adjustments in respect of prior periods	2,568	269,121
	<u>120,389</u>	<u>429,394</u>
Deferred tax		
Origination and reversal of temporary differences	5,065	(10,528)
Adjustment in respect of prior periods	(645)	(19,542)
	<u>4,420</u>	<u>(30,070)</u>
Total tax charge reported in the income statement	<u><u>124,809</u></u>	<u><u>399,324</u></u>

The reconciliation between tax charge and the accounting profit multiplied by the UK corporation tax rate for the years ended 31 December 2020 and 2019 is as follows:

	2020 £	2019 £
Profit before tax	<u><u>925,056</u></u>	<u><u>778,118</u></u>
Profit before taxation multiplied by standard rate of corporation tax in the UK of 19% (2019: 19%)	<u>175,761</u>	<u>147,842</u>
Expenses not deductible for tax purposes	14,791	433,596
Non taxable income	(56,203)	(432,932)
Impact of changes in statutory tax rates	(11,463)	1,239
Adjustments in respect of current tax of prior periods	2,568	269,121
Adjustments in respect of deferred tax of prior periods	(645)	(19,542)
Total adjustments	<u>(50,952)</u>	<u>251,482</u>
Total tax charge reported in the income statement	<u><u>124,809</u></u>	<u><u>399,324</u></u>

CAPITA TRANSLATION AND INTERPRETING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

8 Income tax (Continued)

Deferred tax

	Balance sheet		Income statement	
	2020	2019	2020	2019
	£	£	£	£
Deferred Tax Asset				
Decelerated capital allowances	87,950	93,665	(5,715)	27,430
Tax losses	2,723	2,437	286	2,437
Other short term timing differences	1,697	688	1,009	203
	<u>92,370</u>	<u>96,790</u>		
Net deferred tax asset				
	<u>92,370</u>	<u>96,790</u>		
Deferred tax (charge)/credit			<u>(4,420)</u>	<u>30,070</u>

A change to the main UK corporation tax rate was substantively enacted on 17 March 2020. The rate applicable from 1 April 2020 now remains at 19 percent, rather than the previously enacted reduction to 17 percent. The UK deferred tax asset at 31 December 2020 has been calculated based on this rate, resulting in a £11,463 tax credit to the income statement in 2020.

On 3 March 2021, it was announced in the Budget that the UK tax rate will increase from 19% to 25% from 1 April 2023 onwards. This will increase the company's future income tax charge from 2023. If this rate change had theoretically been applied to the deferred tax balances at 31 December 2020, the deferred tax asset would have increased by £29,170.

CAPITA TRANSLATION AND INTERPRETING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

9 Property, plant and equipment

	Fixtures, fittings & equipment	Computer equipment	Total
	£	£	£
Cost			
At 1 January 2020	-	37,724	37,724
Additions	45,719	-	45,719
Asset retirement	-	(717)	(717)
At 31 December 2020	45,719	37,007	82,726
Depreciation			
At 1 January 2020	-	16,531	16,531
Depreciation	7,620	12,613	20,233
Asset retirement	-	(717)	(717)
At 31 December 2020	7,620	28,427	36,047
Net book value			
At 31 December 2019	-	21,193	21,193
At 31 December 2020	38,099	8,580	46,679

10 Intangible assets

	Goodwill
	£
Cost and Net book value	
At 1 January 2020 and at 31 December 2020	2,148,630

11 Right of Use Assets

Property	2020
	£
Net Book Value	
At 1 January	-
Additions during the year	197,650
Depreciation charged during the year	(74,167)
At 31 December	123,483

CAPITA TRANSLATION AND INTERPRETING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

12 Investment in subsidiaries	2020 £	2019 £
Cost		
At 1 January	2,238,903	2,238,903
Disposal	(2,238,903)	-
At 31 December	-	2,238,903
Impairment		
At 1 January	(2,238,903)	(1,039,956)
Charge for the year	-	(1,198,947)
Disposal	2,238,903	-
At 31 December	-	(2,238,903)
Net book value	-	-

Details of the Company's direct subsidiaries held during the year ended 31 December 2020 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	1, More London Place, London, SE1 2AF	100	Translation Services
Amity Communications Limited	1, More London Place, London, SE1 2AF	100	Translation Services

ITR International Translation Resources Limited and Amity Communications Limited were dissolved on 21 August 2020 and 01 September 2020 respectively.

On 16 March 2020, the Company sold off its investments in Capita Translation and Interpreting LLC to its parent company for a consideration of £1.

13 Trade and other receivables	2020 £	2019 £
Trade receivables	2,098,436	2,241,486
Accrued income	395,585	367,442
Prepayments	62,452	53,706
Amounts due from parent and fellow subsidiary undertaking	2,762,792	539,420
Other receivables	2,123	5,996
	5,321,388	3,208,050

CAPITA TRANSLATION AND INTERPRETING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

14 Cash

	2020 £	2019 £
Cash at bank and in hand	92,781	2,158,804
	<u>92,781</u>	<u>2,158,804</u>

15 Trade and other payables

	2020 £	2019 £
Trade payables	133,178	202,275
VAT Payable	426,571	470,040
Accruals	1,108,641	939,000
Amounts due to parent and fellow subsidiary undertaking	6,133,067	6,535,336
Other payables	82,839	35,429
	<u>7,884,296</u>	<u>8,182,080</u>

16 Deferred income

	2020 £	2019 £
Deferred income	124,336	74,044
	<u>124,336</u>	<u>74,044</u>

17 Financial liabilities

	2020 £	2019 £
Bank overdrafts	1,170,709	1,571,406
	<u>1,170,709</u>	<u>1,571,406</u>

CAPITA TRANSLATION AND INTERPRETING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

18 Lease liabilities

	2020 £	2019 £
Current		
Lease liabilities	48,582	-
	<u>48,582</u>	<u>-</u>
	2020 £	2019 £
Non Current		
Lease liabilities	66,192	-
	<u>66,192</u>	<u>-</u>
	2020 £	2019 £
Maturity analysis - Contractual undiscounted cash flows		
Less than one year	50,308	-
One to two years	50,308	-
More than two Years	16,769	-
	<u>117,385</u>	<u>-</u>
Total undiscounted lease liabilities at 31 December		

19 Provisions

	Property provision £
At 1 January 2020 and at 31 December 2020	<u>40,000</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.

20 Issued share capital

	2020 Numbers	2019 Numbers	2020 £	2019 £
Allotted, called up and fully paid				
of £1 each				
At 1 January	100	100	100	100
	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>
At 31 December				
	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

Share capital

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

CAPITA TRANSLATION AND INTERPRETING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

21 Employee benefits

The total costs charged to income in respect of defined contribution plans is £184,722 (2019 - £196,569).

22 Employees

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

	2020 Number	2019 Number
Sales	11	11
Operations	77	92
Administration	12	10
	<u>100</u>	<u>113</u>

Their aggregate remuneration comprised:

	2020 £	2019 £
Employee costs		
Wages and salaries	2,824,518	3,221,350
Social security costs	276,216	329,934
Pension costs	184,722	196,569
	<u>3,285,456</u>	<u>3,747,853</u>

23 Directors' remuneration

	2020 £	2019 £
Remuneration for qualifying services	215,745	141,885
Company pension contributions to defined contribution schemes	22,500	12,000
	<u>238,245</u>	<u>153,885</u>

Two Directors were 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 2 (2019 - 1). No Directors exercised their share options during the year (2019: Nil).

CAPITA TRANSLATION AND INTERPRETING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

23 Directors' remuneration

(Continued)

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

	2020	2019
	£	£
Remuneration for qualifying services	133,701	141,885
Company pension contributions to defined contribution schemes	15,500	12,000
	<u>149,201</u>	<u>153,885</u>

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

24 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, apart from those with other wholly owned subsidiaries:

Nature of Transaction	Name of Company	Year	£ Fellow Subsidiary
Sales of Goods			
	Fera Science Limited	December 31, 2020	747
		December 31, 2019	712
	Axelos Limited	December 31, 2020	-
		December 31, 2019	24,335
		December 31, 2020	<u>747</u>
		December 31, 2019	<u>25,047</u>
Closing balance of Related Parties			
			£
Nature of Transaction	Name of Company	Year	Fellow Subsidiary
Trade Receivables			
	Axelos Limited	December 31, 2020	-
		December 31, 2019	23,806
		December 31, 2020	<u>-</u>
		December 31, 2019	<u>23,806</u>

CAPITA TRANSLATION AND INTERPRETING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

25 Controlling party

The Company's immediate parent undertaking is Capita Holdings 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 accounts of Capita plc are available from the registered office at 65 Gresham Street, London, United Kingdom, EC2V 7NQ.

26 Post balance sheet event

On 28 May 2021, the Company issued 1 Ordinary share of £1 each at a premium of £5,964,182.77 to Capita Holdings Limited. The shares were issued in return for settlement of the intragroup loan for an equivalent amount between those two companies. Pursuant to this event, the amounts due to Capita Holdings Limited were extinguished and the entity is now in a net asset position.

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.