Registered number: 05280446

NHS SHARED BUSINESS SERVICES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

CONTENTS

COMPANY INFORMATION

DIRECTORS	D S Ahluwalia D A Edmonds (Chairman) J A S Jewitt B M P Masterson M J Thorman J P Torrie
COMPANY SECRETARY	P A Cashmore
REGISTERED NUMBER	05280446
REGISTERED OFFICE	Three Cherry Trees Lane Hemel Hempstead Hertfordshire HP2 7AH
INDEPENDENT AUDITOR	Mazars LLP Chartered Accountants and Statutory Auditor 45 Church Street Birmingham B3 2RT

CHAIRMAN'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017

The Chairman presents his statement for the year ended 31 December 2017.

The last 12 months have been a landmark period for NHS Shared Business Services Limited (the Company), as we continued to transform the way back office services are delivered in the NHS.

The commitment we made in 2016, to enhance our core services to better respond to the current and future needs of our healthcare system, has benefited our NHS partners.

Clients have experienced faster, more accurate and less time-intensive back office systems, whilst other NHS organisations were attracted by the modern approach to shared services, and our vision to revolutionise businesses processes to fit tomorrow's healthcare system.

Around 50 NHS organisations entered into new or renewed contracts with us this year which is a strong indication of the value people see in our service. This continued market confidence means we remain the largest provider of business support services to the NHS in England. Being part of the Department of Health and Social Care (DHSC), combined with the commercial expertise and technology insight of Sopra Steria Limited, ideally positions us to invest in, and roll out, large scale change quickly across the NHS. When one organisation benefits, so do the rest. In 2017, the introduction of greater automation to replace outdated manual processes has been evidence of this.

Our committed and talented employees are rightly proud of the value we bring to the public healthcare sector. From general practice and community hospitals, through to mental health and ambulance trusts, our teams deal with thousands of invoices, handle billions of pounds of NHS money and manage hundreds of systems and processes, and help to keep our healthcare system running effectively.

Irrespective of whether people work in England or India, the knowledge and expertise of our 1,400 employees, and the service they deliver, is regularly commented on by clients and is what sets us apart from the competition.

Our investment in people, through initiatives like our Talent Development Programme and Inspirational People, has helped countless people to step outside their roles and contribute in new ways, e.g. introduction of new corporate values, to the direction of the business, while equipping them with tools and skills to be more effective in their roles.

Many of our employees tell us through the annual staff survey that the Company is a Great Place to Work.

Helping our clients find even greater savings and meeting the national efficiency targets is very important to us. Knowing that we save the NHS time and money is an ongoing source of pride for everyone working in the Company. Whether it is paying 400,000 NHS staff accurately and on time or making it easier for people to buy health-related products and services, our aim is to free up time, resource and money that can be better spent on providing patient care.

With strong core services in place, our transformational journey will continue in 2018. Our corporate strategy is focused around developing new technologies that will modernise the NHS back office. The year ahead will see the launch of innovative digital products and services, which will take us closer to achieving our aim of delivering £1 billion savings to the NHS by 2020.

Name David Edmonds CBE
Chairman

Date 13/03/2018

CHAIRMAN'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017

2017 Chief Executive's Statement

This year we made solid progress against delivering our 2020 corporate objectives and remain on course to deliver our £1 billion savings target to the NHS by the turn of the decade.

We saw solid growth in new clients plus renewals in both existing and new markets and we have identified how to build on this success.

Nearly half of all hospitals in England use one or more of our services: Finance and Accounting, Employment Services and Procurement. In the last 12 months we have strengthened this position with around 50 clients signing or renewing their contract, including some of the country's most prestigious foundation trusts and specialist hospitals.

All Commissioners across the country use our Integrated Single Financial Environment (ISFE) technology platform to process and pay their bills. The size and scale of the operation is unprecedented, so it was particularly pleasing that NHS England renewed their ISFE contract with the Company for a further three years.

Continuing to delight our customers remains a priority for the organisation. Listening and responding to customer feedback is one of the reasons why we invested £5.9 million in 2017, our single biggest investment ever, in enhancing our core platform. Our systems and processes became more efficient and effective, including: automating some of our VAT processes, introducing near real-time reporting and improving our business intelligence, all of which help our clients do their jobs more easily and realise cash savings and efficiencies.

Our ambition is to transform back office functions in the NHS, both in scale and at pace, through the adoption of new technologies and digital solutions. For example, over the longer-term our move to a new ERP solution will offer a wealth of benefits while saving money. In the short-term, we are pioneering the use of Robotic Process Automation across the business to streamline many of our manual transactional processes, such as cash management and invoice scanning, and reduce the operating costs for our customers.

Much of our strategic direction has been influenced by the insight we have from our partnership work with organisations and bodies, including the Department of Health and Social Care and NHS Improvement. We have supported national 'Sustainable Transformation Programmes (STPs) to pool resources and remove duplicate costs across geographical regions, through working with one of the pilot STPs as their back office provider. Similarly, our new eMarketplace, 'Edge4Health', automates the procure-to-pay process to accelerate compliance with the national eProcurement strategy and Carter back office efficiency metrics.

Many of our new products and services have been developed through working closely with NHS organisations. All our solutions respond to a specific need and often save hospitals money, for example, the ePay solution has lessened the administrative burden of managing expenses, leave and the like. It has saved one hospital alone, around £100,000 a year.

Our teams interface with hundreds of NHS staff on a daily basis, so we remain focused on customer service. Our multi-million pound investment into the introduction of a new call centre approach and self-service portal, starting in employment services has given us the ability to deliver a better quality service to our clients. This has resulted in a noticeable increase in our client advocacy ratings.

CHAIRMAN'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017

Looking forward into 2018, the exciting developments and plans on the horizon are all underpinned by an acknowledgement that the healthcare market is changing because of the mandates from Government. Therefore the drive to explore opportunities outside of our core business is important and our future corporate strategy has been developed to pursue these opportunities.

John Neilson
Chief Executive

14.3.18.

STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017

INTRODUCTION

The Directors are pleased to present their strategic report for the year ended 31 December 2017.

PRINCIPAL ACTIVITIES

The Company is a joint venture between Sopra Steria Limited and the Secretary of State for Health designed to enable National Health Service (NHS) organisations to improve the efficiency of their back office functions and thereby free up funds for frontline patient care.

The Company's business model is to provide Finance & Accounting, Employment Services and Procurement to NHS organisations.

BUSINESS REVIEW

There has been an overall decrease in revenue from £79.5 million in 2016 to £73.9 million in 2017 as a result of Primary Care Service contracts ending in 2016. Profitability before tax decreased from £9.5 million in 2016 to £5.3 million in 2017 primarily due to a one-off cost relating to the now expired Primary Care Services contract.

In 2017, the Company introduced two consumer-style eMarketplaces. Both are a first for the NHS. The systems are built on retail standards and will change how patients and employees buy goods and services. PHBChoices has been adopted by a number of Clinical Commissioning Groups and Personal Health Budget holders, while Edge4Health has been developed for roll out to up to 65 provider clients in early 2018.

Our Finance and Accounting business line enjoyed a number of client wins and contract renewals, including two big foundation trusts, Royal Papworth Hospital and Birmingham Women's and Children's. Nearly 70 provider trusts now take our Finance and Accounting service. Service improvements in areas like reporting and the introduction of greater automation resulted in our highest ever Net Promoter Score in 2017.

We have introduced robots to carry out some of our more mundane, time-intensive and potentially inaccurate manual processes. As work continues into 2018 we expect clients to experience faster and more consistent processes.

The Employment Services business line has extended its reach into the London area with the successful migration of a number of well-known hospitals, including Royal Free London, but saw eight clients exit. Nevertheless, the business line broke into new markets, securing Staffordshire and Stoke-on-Trent Partnership NHS Trust for the transactional processing element of a recruitment service, and undertook recruitment consultancy insight work for hospitals and STPs across the country.

One of the main areas of focus for the year has been improving customer feedback. We designed a new client portal and approach to the management of our call centre in direct response to client feedback.

The Procurement business line ended 2017 in a relatively strong position having benefited from supporting the renewed national focus on efficiency savings and the move to make the NHS procurement more strategic. Through delivering an array of products and services it delivered over £10 million of procurement savings back to the NHS this year.

We also launched a number of new and refreshed framework agreements, which provide a cost-effective route for NHS (and, increasingly, wider public sector) organisations to purchase a huge range of goods and services. Contracts such as Modular Buildings, Hard Facilities Management and Apprenticeship Training Services were developed to help our clients respond to increasing challenges and a new legislation.

The Company secured a fully outsourced Integrated Procurement Partner with Royal Papworth NHS Foundation Trust and landed other deals to secure a third of mental health and care trusts. We now provide a day-to-day Operational Procurement service to around 30 organisations. One of them, NHS England, benefited from £4 million savings in the last year as a result.

Following the exit of services relating to the Primary Care Services contracts in 2016, a backlog of unprocessed clinical correspondence documents was discovered. The Company informed NHS England of the unprocessed documents and a National Incident Team comprised of representatives from the Company, NHS England and the Department of Health was set up to assess and process the documents. The 2017 financial results include one-off costs for the Company's involvement in processing the document backlog.

The Company places great emphasis on developing local relationships and listening to our customers. Over the last 12 months, the Net Promoter Score, an indicator of whether an individual client would recommend the Company, has seen a marked improvement – a twenty-two point increase ending 2017 at +20 overall. The enhancements to our systems and processes, plus how our client accounts are managed by the client partnership executives and service managers have all helped to get to this point.

Our people are one of our greatest assets and clients frequently tell us about employees that have delivered a good service. Therefore we place great emphasis on our corporate culture and the training and development of our people. In 2017 we relaunched the corporate values and reward and recognition scheme, and continued to run various personal development initiatives, like Inspirational People, from which 200 employees qualified armed with skills to help them in their roles.

The Company has already delivered more than £400 million of savings back to the NHS and our updated three-year strategy, which includes the launch of a range of new products and services, will help us reach our target of £1 billion by 2020.

INTERNAL CONTROL

Strategic, financial, commercial, operational, social, environment and ethical risks are all independently considered as part of the Company's controls, which are designed to manage, rather than eliminate, the risk of failure to achieve the Company's business objectives. Therefore the controls and the associated assurance regime can only provide reasonable, not absolute, assurance against material misstatement or loss.

As part of its Quality Management Program, the Company' Quality Assurance Board met six times during 2017. The Board has received regular reports from across the business as part of its obligations towards monitoring and maintaining robust controls covering a full range of Quality Management standards including Information Governance, Risk Management (including Information Risk and Incident Reporting), Cyber Security and Business Continuity Management. The QA Board has provided regular assurance reports via the Executive Management Team to the Company's Audit Committee and Board throughout the year.

ISO 9001 – QUALITY MANAGEMENT CERTIFICATION

ISO 9001:2015 is the International Organisation for Standardisation (ISO) recognised standard for Quality Management, requiring the implementation of a quality management system aligned to the Company's objectives and supported by Top Management.

The Company has been assessed by DNV GL as being compliant with the requirements of the standard and has transitioned to the newest standard, ISO 9001: 2015 with certification for the Company, Employment Services business covering Payroll, Pensions, HR Administration and Recruitment in Southampton.

The external assessment process includes bi-annual review and verification of business process and actions taken to continuously improve the operation of the quality management system. External assessment is verified by an independent UKAS approved auditor before confirmation of compliance is reported. External Assessment reports are provided via the Executive Management Committee to the Company's Audit Committee and Board as part of the provision of assurance reports.

INFORMATION GOVERNANCE ASSURANCE FRAMEWORK

As part of our continual assurance with the NHS Information Governance Assurance Framework, the Company continues to be fully engaged with the NHS Information Governance assessment (IG Toolkit – version 14). In 2016/17, the Company continued to achieve a "satisfactory" standard and achieved 98% compliance. The 2017/18 submission remains in progress. The evidence provided for 2017/18 is expected to achieve the maximum Level 3 standard across all criteria.

The evidence submission will be evaluated against the criteria of the IGT and additional requirements; as outlined in the Audit Commission report "A Question of Balance"; by the Company's Internal Auditors. Evaluation is expected to report a moderate grading for both design and operational effectiveness in line with that reported during 2017.

INFORMATION GOVERNANCE STATEMENT OF COMPLIANCE

As part of service provision, the Company is required to maintain its IG Statement of Compliance as an enabler for the use of the NHS N3 network and related NHS Care Record Systems. Assessment against IG Compliance remains in progress, is anticipated to meet compliance and will conclude in March 2018.

As part of extended assurance for Operational Security best practice, the Company has implemented an ISO 27001:2013 compliant Information Security Management System (ISMS). The ISMS has been certified for the whole of the Company including Employment Services in Southampton and Sheffield, Finance and Accounting in Leeds and Bristol and Procurement in Manchester. The external assessment process was undertaken by DNV GL. Recertification for ISO 27001:2013 will take place at the end of 2018 to ensure continuity of certification before the Company's present certification expires in Q1 2019.

RISK MANAGEMENT

In 2017, the Company has continued to embed the corporate Risk Management Strategy across its operational business, ensuring all key risks are identified and managed at local and senior management and executive levels. Central reports of key strategic and operational risks are regularly reported to the Company's Audit Committee and Board accordingly.

In accordance with the Department of Health guidance on managing information risk within an organisation, the Company has continued to embed robust procedures to improve its overall information risk management approach, including the reporting of incidents for data loss or breaches of confidentiality. All incidents are notified to the Senior Information Risk Owner (SIRO) and any reported SIRIs require SIRO approval before closure can be achieved.

In 2017, two Serious Incidents Requiring Investigation (SIRIs) were reported internally, with neither scoring as reportable externally. All incidents were fully investigated to identify root causes and remedial actions were taken to reduce the potential risk of repeating such a breach.

TRAINING

The Company has an established and positive training culture, regularly achieving high rates of training uptake and pass rates amongst all employees who receive comprehensive Information Governance training as enabled by the central NHS Information Governance computer based training modules provisioned by NHS Digital. The Company has integrated this resource as part of our core training requirements for all employees working within or on behalf of the Company.

All staff receive Information Governance and Security training at induction and additional topical training is provided to staff throughout the year covering such areas as Records Management, Incident recognition and reporting, and smart card use.

As well as Anti-Money Laundering and Counter-Fraud training, the Company also supports employees in a wide range of financial and non-financial professional training courses, including Risk Management, Accounting and Finance, Payroll and Project Management.

PRINCIPAL RISKS AND UNCERTAINTIES

The Company manages risk across the organisation through a series of formal risk logs which are maintained by the Company lines of business. Company senior management report material risk through to the Company Audit Committee via regular Committee meetings and an Internal Risk and Controls Report which details each risk and the management activities designed to reduce the likelihood and severity of a risk occurring. Each risk is owned by an identified member of the Company executive team, and the impact of the risk is assessed against the strategic objectives of the business.

The principal risks that are reported and managed on risk logs are:

- Delivering £1 billion savings target to the NHS;
- Implementing new technologies and commercial models to deliver innovative new services;
- Meeting changing legislation;
- Increasing Customer advocacy;
- Increasing Employee satisfaction.

CREDIT RISK

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company is mainly exposed to credit risk from credit sales. It is Group policy, implemented locally, to assess the credit risk of new customers before entering contracts. Each new customer is analysed individually for credit-worthiness before the payment and delivery terms and conditions are offered. Purchase limits are established for each customer, which represent the maximum open amount without requiring approval.

A monthly review of the trade debtors' ageing analysis is undertaken and customers' credit is reassessed periodically.

Credit risk also arises from cash and cash equivalents and deposits with banks and financial institutions. For banks and financial institutions, only independently rated parties with minimum rating "A" are accepted.

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017

LIQUIDITY RISK

Liquidity risk arises from the Company's management of working capital and the finance charges and principal repayments on its debt instruments. There is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due.

The Board receives cash flow projections on a monthly basis as well as information regarding cash balances. At the end of the financial year, these projections indicated that the Company is expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances. The Company also seeks to reduce liquidity and interest rate risk by fixing interest rates (and hence cash flows) on its long-term borrowings.

FOREIGN EXCHANGE RISK

Foreign exchange risk arises when the Company enters into transactions denominated in a currency other than their functional currency. The principal activities of the Company do not expose it to significant foreign exchange risk.

FINANCIAL KEY PERFORMANCE INDICATORS

	2017	2016	Change
	£ million	£ million	%
Turnover	73.9	79.5	(7.2)
Profit before tax	5.3	9.5	(43.7)

OTHER KEY PERFORMANCE INDICATORS

	2017	2016
Number of Service Contracts	228	242
Finance and Accounting Transaction Volumes	7,382,043	7,786,529
Net Promoter Score	+20	-2
Operating Profit Percentage	7.3%	11.1%

This report was approved by the board on 14 March 2018 and signed on its behalf.

Peter Cashmore

P A Cashmore
Secretary

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017

The Directors present their report and the financial statements for the year ended 31 December 2017.

DIRECTORS' RESPONSIBILITIES

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 the Directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). Under company law the Directors must not approve the financial statements unless 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 judgments and accounting 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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 to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

DIVIDENDS

No dividend was paid during the year (2016: £nil) and any dividend for 2017 is to be reviewed by the Company's Board.

DIRECTORS

The Directors who served during the year and since the year-end were:

D S Ahluwalia
D A Edmonds (Chairman)
J A S Jewitt
B M P Masterson (appointed 31 January 2017)
P Mills (resigned 31 January 2017)
M J Thorman
J P Torrie

FUTURE DEVELOPMENTS

The Company's corporate strategy is focused on continuing our transformational journey and developing new technologies that provide further opportunities for modernising the NHS back office.

A key focus for 2018 will be delivering the next phase of the transformation strategy. Harnessing technologies and different ways of working will enable the Company to demonstrate its value to both its clients and wider healthcare. It will be a key selling point moving forward.

2018 will see the continuation of the Company's eMarketplace products which provides the NHS a digital procure-to-pay system through Edge4Health and promote patient choice in the management of PHB holders through PHB Choices.

The Company plans to continue investing in operational process efficiency improvements. Following the completion of our Future Services Programme investment, we will continue to automate our transactional processes through implementing robotics tools and help with our aim of providing £1 billion savings to the NHS.

EMPLOYEE INVOLVEMENT

The Company places considerable value on the involvement of its employees and continues to keep them informed of matters affecting them and the performance of the Company.

The Company continues to work in partnership with its long-established employee representative group U2 and its Employee Engagement Network (EEN) with representation from all areas of the organisation.

Both U2 and the EEN play a key role in supporting employee engagement alongside internal communication channels such as the internal intranet, weekly newsletters, employee briefings, senior management group events, extended leadership team engagement and internal brand.

In addition, the EEN encourages involvement in the community programme, raising thousands of pounds for a wide range of local and national charities. U2 and the EEN also support the "Great Place to Work" action planning, listening to employees and working with the management community to develop dynamic action plans.

DISABLED EMPLOYEES

The Company employs people from all parts of the community regardless of age, gender, disability, ethnicity, religious belief or orientation. For those applicants who consider themselves to have a disability the Company ensures adjustments are made where required. In the event of members of staff becoming disabled efforts are made to ensure that their employment continues.

DISCLOSURE OF INFORMATION TO AUDITOR

Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

EVENTS AFTER THE REPORTING PERIOD

There have been no significant events affecting the Company since the year ending 31 December 2017.

AUDITOR

Under section 487(2) of the Companies Act 2006, Mazars LLP will be deemed to have been reappointed as auditor 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

This report was approved by the board on 14 March 2018 and signed on its behalf.

Peter Cashmore

P A Cashmore
Secretary

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NHS SHARED BUSINESS SERVICES LIMITED

Opinion

We have audited the financial statements of NHS Shared Business Services Limited (the 'Company') for the year ended 31 December 2017 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:
- give a true and fair view of the state of the Company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; 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 under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Use of the audit report

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.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us 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.

Respective responsibilities of Directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 10, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for 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 the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NHS SHARED BUSINESS SERVICES LIMITED

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Louis Burns

Louis Burns (Senior statutory auditor)

for and on behalf of

Mazars LLP
Chartered Accountants and Statutory Auditor
45 Church Street
Birmingham
B3 2RT

Date: 14 March 2018

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017 £000	2016 £000
Turnover	3	**73,859**	*79,549*
Administrative expenses		**(66,301)**	*(70,707)*
Exceptional administrative expenses	4	**(2,200)**	-
Other operating income	5	**31**	-
OPERATING PROFIT	6	**5,389**	*8,842*
Interest receivable and similar income	10	**84**	*535*
Interest payable and expenses	11	**(57)**	*(51)*
Other finance (expenses) / income	12	**(71)**	*170*
PROFIT BEFORE TAX		**5,345**	*9,496*
Tax on profit	13	**(1,076)**	*(1,990)*
PROFIT FOR THE FINANCIAL YEAR		**4,269**	*7,506*
OTHER COMPREHENSIVE INCOME:			
ITEMS THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS:			
Actuarial loss on defined benefit schemes	27	**(518)**	*(7,928)*
Deferred tax credit regarding pension contribution excess	23	**211**	*1,192*
Current tax regarding pension contribution excess	23	**(123)**	*156*
Change in rate of tax		**-**	*34*
OTHER COMPREHENSIVE INCOME FOR THE YEAR		**(430)**	*(6,546)*
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**3,839**	*960*

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

	Note		2017 £000		2016 £000
FIXED ASSETS					
Goodwill	15		**485**		*485*
Other intangible assets	14		**8,118**		*7,410*
Tangible assets	16		**1,392**		*1,364*
Investments	17		**1**		*1*
			9,996		*9,260*
CURRENT ASSETS					
Inventories	18	**48**		*55*	
Debtors	19	**14,307**		*12,510*	
Cash and cash equivalents	20	**35,042**		*38,223*	
		49,397		*50,788*	
Creditors: amounts falling due within one year	21	**(10,795)**		*(19,981)*	
NET CURRENT ASSETS			**38,602**		*30,807*
TOTAL ASSETS LESS CURRENT LIABILITIES			**48,598**		*40,067*
Creditors: amounts falling due after more than one year	22		**(1,248)**		-
			47,350		*40,067*
PROVISIONS FOR LIABILITIES					
Provisions	24	**(3,477)**		*(1,321)*	
			(3,477)		*(1,321)*
NET ASSETS EXCLUDING PENSION LIABILITY			**43,873**		*38,746*
Pension liabilities	27		**(4,827)**		*(3,588)*
NET ASSETS			**39,046**		*35,158*

STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 DECEMBER 2017

	Note	2017 £000	*2016 £000*
CAPITAL AND RESERVES			
Called up share capital	25	**11**	*11*
Share premium account		**152**	*152*
Retained earnings		**38,883**	*34,995*
Shareholders' funds		**39,046**	*35,158*

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

D. Ahluwalia

D S Ahluwalia
Director

The notes on pages 20 to 43 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017

	Called up share capital	Share premium account	Retained earnings	Total equity
	£000	£000	£000	£000
At 1 January 2016	**11**	**152**	**34,007**	**34,170**
COMPREHENSIVE INCOME FOR THE YEAR				
Profit for the year	**-**	**-**	**7,506**	**7,506**
Actuarial losses on pension scheme	**-**	**-**	**(7,928)**	**(7,928)**
Current tax regarding pension contribution excess	**-**	**-**	**156**	**156**
Deferred tax regarding pension contribution excess	**-**	**-**	**1,192**	**1,192**
Change in rate of tax	**-**	**-**	**34**	**34**
OTHER COMPREHENSIVE INCOME FOR THE YEAR	**-**	**-**	**(6,546)**	**(6,546)**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**-**	**-**	**960**	**960**
Share-based payments	**-**	**-**	**28**	**28**
At 1 January 2017	**11**	**152**	**34,995**	**35,158**
COMPREHENSIVE INCOME FOR THE YEAR				
Profit for the year	**-**	**-**	**4,269**	**4,269**
Actuarial losses on pension scheme	**-**	**-**	**(518)**	**(518)**
Current tax regarding pension contribution excess	**-**	**-**	**(123)**	**(123)**
Deferred tax regarding pension contribution excess	**-**	**-**	**211**	**211**
OTHER COMPREHENSIVE INCOME FOR THE YEAR	**-**	**-**	**(430)**	**(430)**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**-**	**-**	**3,839**	**3,839**
Share-based payments	**-**	**-**	**49**	**49**
AT 31 DECEMBER 2017	**11**	**152**	**38,883**	**39,046**

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

The presentation currency used is Sterling and amounts are presented in round thousands (£000).

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company' accounting policies.

The Company is exempt from preparing group accounts under s400 of the Companies Act 2006 as at 31 December 2017, its ultimate parent, Sopra Steria Group S.A., prepares and publishes consolidated accounts which include the results of the Company and are publicly available.

The following principal accounting policies have been consistently applied to all periods presented unless otherwise stated:

1.2 Financial reporting standard 101 - reduced disclosure exemptions

In preparing these financial statements the Company has taken advantage of all disclosure exemptions conferred by FRS 101. Therefore these financial statements do not include:
- certain comparative information as otherwise required by EU endorsed IFRS;
- certain disclosures regarding the Company's capital;
- a statement of cash flows;
- the effect of future accounting standards not yet adopted;
- the disclosure of the remuneration of key management personnel; and
- disclosure of related party transactions with other wholly owned members of the group headed by Sopra Steria Group S.A.

In addition, and in accordance with FRS 101, further disclosure exemptions have been adopted because equivalent disclosures are included in the consolidated financial statements of Sopra Steria Group S.A. These financial statements do not include certain disclosures in respect of:
- Share-based payments;
- Financial Instruments (other than certain disclosures required as a result of recording financial instruments at fair value);
- Fair value measurement (other than certain disclosures required as a result of recording financial instruments at fair value); and
- Impairment of assets.

The financial statements of Sopra Steria Group S.A can be obtained as described in note 31.

1. ACCOUNTING POLICIES (CONTINUED)

New and revised IFRSs

The adoption of the following mentioned standards, amendments and interpretations in the current year has not had a material impact on the Company's financial statements:

	EU effective date, periods beginning on or after
Amendment to IAS 7 Statement of Cash Flows: Disclosure initiative	1 January 2017
Amendment to IAS 12 Income Taxes: Recognition of deferred tax assets for unrealised losses	1 January 2017
Annual Improvements to IFRSs (2014 - 2016): Clarification of the scope of IFRS 12 Disclosure of Interests in Other Entities	1 January 2017

1.3 Going concern

The Company's business activities, together with the factors likely to affect its future development and position, are set out in the Business Review section of the Strategic Report.

The Company has adequate financial resources together with long-term contracts with a number of customers and suppliers across different geographic areas. The Company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Company should be able to operate within the level of its current loan facilities. As a consequence, the Directors believe that the Company is well placed to manage its business risks successfully.

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

1.4 Revenue

Revenue comprises the fair value of fees and expenses due from customers after deducting all credits and allowances and excluding value added tax. Revenue is recognised to the extent that it is probable that economic benefits will flow to the Company and the revenue can be reliably measured.

In respect of services performed, revenue is recognised over time as activity progresses to reflect the performance of contractual obligations. The amount of revenue reflects the amount of work performed. Where the right to consideration does not arise until a key stage has been completed, revenue is not recognised until that event has occured.

1. ACCOUNTING POLICIES (CONTINUED)

1.5 Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses. The Company's management capitalise development costs when they meet the relevant criteria for capitalisation

Amortisation is provided on all intangible fixed assets so as to write off cost less residual value over their anticipated useful lives on a straight-line basis. This depreciation is charged to operating expenses in the Statement of Comprehensive Income. At each reporting date the Company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

The estimated useful lives range as follows:

Software development	-	10	years
Contracts	-	10	years

1.6 Goodwill

Goodwill represents the excess of the cost of a business combination over the total acquisition date fair value of the identifiable assets, liabilities and contingent liabilities acquired.

Cost comprises the fair value of assets given, liabilities assumed and equity instruments issued.

When a business combination agreement provides for an adjustment to the cost of the combination which is contingent on future events, the Company includes the estimated amount of that adjustment in the cost of the combination at the acquisition date if the adjustment is probably and can be measured reliably. However, if the potential adjustment is not recognised at the acquisition date but subsequently becomes probable and can be measured reliably, the additional consideration shall be treated as an adjustment to the cost of the combination. Changes in the estimated value of contingent consideration arising on business combinations completed as a consequence result in a change in the carrying value of the related goodwill.

Goodwill is capitalised as an intangible asset and is not amortised. Instead it is reviewed annually for impairment with any impairment in carrying value being charged to profit or loss. The Companies Act 2006 requires acquired goodwill to be reduced by provisions for depreciation calculated to write off the amount systematically over a period chosen by the Directors, not exceeding its useful economic life. It has been deemed, however, the non-amortisation of goodwill is a departure, for the overriding purpose of giving a true and fair view. The effect of this departure has been quantified as an increase to profits of £57 thousand (2016: £57 thousand) and an increase to equity of £183 thousand (2016: £126 thousand).

1.7 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

1. ACCOUNTING POLICIES (CONTINUED)

1.7 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Long-term leasehold property	-	20%	
Fixtures and fittings	-	20%	Or matched to length of property lease
Computer equipment	-	20%	to 33%

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

1.8 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment. Where merger relief is applicable, the cost of the investment in a subsidiary undertaking is measured at the nominal value of the shares issued together with the fair value of any additional consideration paid.

1.9 Stocks and Work in Progress

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a historical cost basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

1.10 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

1.11 Financial instruments

The Company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The Company's accounting policies in respect of financial instruments transactions are explained below:

Financial assets
The Company classifies all of its financial assets as loans and receivables.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and

1. ACCOUNTING POLICIES (CONTINUED)

1.11 Financial instruments (continued)

services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Company will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the Statement of Comprehensive Income. On confirmation that the trade receivable will not be collected, the gross carrying value of the asset is written off against the associated provision.

Financial liabilities
The Company classifies all of its financial liabilities as liabilities at amortised cost.

Financial liabilities at amortised cost including borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried into the Statement of Financial Position.

1.12 Finance costs

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

1.13 Operating leases

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

1. ACCOUNTING POLICIES (CONTINUED)

1.14 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

Defined benefit pension plan

The Company operates a defined benefit plan for certain employees. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including but not limited to age, length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan.

The liability recognised in the Statement of Financial Position in respect of the defined benefit plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets at the end of the reporting period (if any) out of which the obligations are to be settled.

The defined benefit obligation is calculated using the projected unit credit method. Annually the Company engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating to the estimated period of the future payments ('discount rate').

The fair value of plan assets is measured in accordance with the FRS 101 fair value hierarchy and in accordance with the Company's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as 'Remeasurement of net defined benefit liability'.

The cost of the defined benefit plan, recognised in profit or loss as employee costs, except where included in the cost of an asset, comprises:
a) the increase in net pension benefit liability arising from employee service during the period; and
b) the cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in profit or loss as a 'finance expense'.

1. ACCOUNTING POLICIES (CONTINUED)

1.15 Interest income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

1.16 Provisions for liabilities

Provisions are made where an event has taken place that gives a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

1.17 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the end of the reporting period date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

1.18 Exceptional items

Exceptional items are material non-recurring transactions, either because of their size or their nature, that fall within the ordinary activities of the Company. They are presented separately because the Directors believe that this presentation provides a more helpful analysis of underlying performance as it highlights one-off items.

2. JUDGMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, which are described in note 1, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgements and estimations that the Directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Defined benefit pensions plan

The valuation of a defined benefit pension plan requires management to exercise its judgement when calculating the most appropriate assumptions upon which to base the valuation, especially the discount rate. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Company considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension obligation. Additional information is disclosed in note 27.

Intangible Assets

The development of intangible assets involves some uncertainty around the future economic benefits being derived from the asset, but this is managed through supervision of projects, review of projections and control of costs.

The useful economic lives of intangible assets are selected by the Directors based on the period the assets are expected to be in use. The useful economic lives of intangible assets are then reviewed each period and amortisation adjusted in line with any changes. The carrying values of intangible assets are shown in note 14.

Aged Debtors

The Directors consider there to be no material recoverability issues on outstanding invoices, but there is inevitably some uncertainty in this area. In making this assessment, the Directors take into consideration (i) any circumstances of which they are aware regarding a customer's inability to meet its financial obligations and (ii) judgements as to potential prevailing economic conditions and their potential impact on the Company's customers. No significant bad debts have occurred during the past three years.

Provisions

There is some uncertainty surrounding the amount required to settle obligations. The Directors use their judgement and, where necessary, professional advice to estimate the likely outcome.

3. TURNOVER

The whole of the turnover is attributable to business process outsourcing and it all arose in the United Kingdom.

4. EXCEPTIONAL ITEMS

	2017 £000	2016 £000
Exceptional item - increase to provision	2,200	-
	2,200	-

The exceptional item represents an increase in provision regarding a one-off cost relating to the now expired Primary Care Services contract. (See note 24).

5. OTHER OPERATING INCOME

	2017 £000	2016 £000
Net rents receivable	31	-
	31	-

6. OPERATING PROFIT

The operating profit is stated after charging:

	2017 £000	2016 £000
Depreciation of tangible fixed assets	878	854
Amortisation of intangible assets	2,054	3,874
Operating lease rentals: Land and buildings	1,248	1,728

7. AUDITOR'S REMUNERATION

The Company paid the following amounts to its auditor in respect of the audit of the financial statements and for other services provided to the Company:

	2017 £000	2016 £000
Fees for the audit of the Company	68	68

8. EMPLOYEES

Staff costs, including Directors' remuneration, were as follows:

	2017 £000	2016 £000
Wages and salaries	24,040	23,795
Social security costs	2,321	2,266
Pension costs (Defined Benefit)	2,610	1,263
Pension Costs (Defined Contribution)	1,132	1,105
	30,103	28,429

The average monthly number of employees, including the Directors, during the year was as follows:

	2017 No.	2016 No.
Operations	732	745
Administration	69	68
Management	10	12
	811	825

9. DIRECTORS' REMUNERATION

	2017	*2016*
	£000	*£000*
Directors' emoluments	**92**	*105*
	92	*105*

During the year retirement benefits were accruing to no Directors (2016: nil) in respect of defined contribution pension schemes.

D S Ahluwalia and J P Torrie are also directors of other Sopra Steria Group companies in the United Kingdom. The Directors do not believe that it is practicable to apportion their remuneration between their services as Directors of the Company and their services as Directors of other Sopra Steria Group companies. Their remuneration is disclosed in the accounts of Sopra Steria Limited.

10. INTEREST RECEIVABLE AND SIMILAR INCOME

	2017	*2016*
	£000	*£000*
Bank interest receivable	**84**	*156*
Other interest receivable	**-**	*379*
	84	*535*

11. INTEREST PAYABLE AND EXPENSES

	2017	*2016*
	£000	*£000*
Bank interest payable	**52**	*46*
Other interest payable	**5**	*5*
	57	*51*

12. OTHER FINANCE (EXPENSES) / INCOME

	2017	*2016*
	£000	*£000*
Interest income on pension scheme assets	**989**	*1,189*
Interest on defined benefit obligation	**(1,060)**	*(1,019)*
Net interest on pension fund liabilities	**(71)**	*170*

13. TAXATION

	2017 £000	*2016 £000*
CORPORATION TAX		
Current tax on profits for the year	**1,100**	*2,104*
Adjustments in respect of previous periods	**(42)**	*71*
TOTAL CURRENT TAX	**1,058**	*2,175*
DEFERRED TAX		
Deferred tax - current year	**(24)**	*(157)*
Deferred tax - prior year	**42**	*(28)*
TOTAL DEFERRED TAX	**18**	*(185)*
TAXATION ON PROFIT ON ORDINARY ACTIVITIES	**1,076**	*1,990*

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is higher than *(2016: higher than)* the standard rate of corporation tax in the UK of 19.25% *(2016: 20%)*. The differences are explained below:

	2017 £000	*2016 £000*
Profit on ordinary activities before tax	**5,345**	*9,496*
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.25% (2016: 20%)	**1,029**	*1,899*
EFFECTS OF:		
Expenses not deductible for tax purposes	**36**	*60*
SIP share deductions	**(18)**	*(18)*
Share-based payments	**9**	*6*
Rate differences regarding deferred tax	**20**	*-*
Adjustments to tax charge in respect of prior periods	**-**	*43*
TOTAL TAX CHARGE FOR THE YEAR	**1,076**	*1,990*

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

The Finance Act 2016 provides that the main rate of corporation tax will fall to 17% with effect from 1 April 2020. As this legislation had been substantively enacted at the end of the reporting period, the impact of this tax rate reduction on the deferred tax balances carried forward has been included in these accounts.

14. OTHER INTANGIBLE ASSETS

	Software development £000	Contracts £000	Total £000
COST			
At 1 January 2017	**31,537**	**975**	**32,512**
Additions - external	**2,762**	**-**	**2,762**
At 31 December 2017	**34,299**	**975**	**35,274**
AMORTISATION			
At 1 January 2017	**24,947**	**155**	**25,102**
Charge for the year	**1,957**	**97**	**2,054**
At 31 December 2017	**26,904**	**252**	**27,156**
NET BOOK VALUE			
At 31 December 2017	**7,395**	**723**	**8,118**
At 31 December 2016	*6,590*	*820*	*7,410*

Included under Software and Implementation are assets in development, for which amortisation will not be charged until the asset completion date. The value of assets in development as at 31 December 2017 is £3,066,000 (2016: £2,003,000).

15. GOODWILL

	2017 £000
COST	
At 1 January 2017	568
AT 31 DECEMBER 2017	**568**
AMORTISATION	
At 1 January 2017	83
AT 31 DECEMBER 2017	**83**
NET BOOK VALUE	
AT 31 DECEMBER 2017	**485**
At 31 December 2016	*485*

16. TANGIBLE FIXED ASSETS

	Leasehold buildings £000	Fixtures and fittings £000	Computer equipment £000	Total £000
COST				
At 1 January 2017	176	845	2,828	3,849
Additions	63	48	589	700
At 31 December 2017	239	893	3,417	4,549
DEPRECIATION				
At 1 January 2017	105	406	1,974	2,485
Charge for the year on owned assets	25	183	464	672
At 31 December 2017	130	589	2,438	3,157
NET BOOK VALUE				
At 31 December 2017	109	304	979	1,392
At 31 December 2016	*71*	*439*	*854*	*1,364*

17. FIXED ASSET INVESTMENTS

	Investments in group companies £000
COST	
At 1 January 2017	1
At 31 December 2017	1
NET BOOK VALUE	
At 31 December 2017	1
At 31 December 2016	*1*

18. INVENTORIES

	2017 £000	*2016 £000*
Stocks and work in progress	48	*55*
	48	*55*

The difference between purchase price or production cost of stocks and their replacement cost is not material.

19. DEBTORS

	2017 £000	*2016 £000*
DUE AFTER MORE THAN ONE YEAR		
Deferred tax asset	**1,485**	*1,292*
	1,485	*1,292*
DUE WITHIN ONE YEAR		
Trade debtors	**6,425**	*5,040*
Amounts owed by group undertakings	**107**	*319*
Other debtors	**1,618**	*985*
Prepayments and accrued income	**4,672**	*4,874*
	14,307	*12,510*

20. CASH AND CASH EQUIVALENTS

	2017 £000	*2016 £000*
Cash at bank and in hand	**35,042**	*38,223*
	35,042	*38,223*

21. CREDITORS: Amounts falling due within one year

	2017 £000	*2016 £000*
Loans from related parties	**828**	*9,700*
Trade creditors	**2,475**	*455*
Amounts owed to group undertakings	**1,278**	*1,700*
Corporation tax	**168**	*1,161*
Other taxation and social security	**1,214**	*1,224*
Other creditors	**322**	*246*
Accruals and deferred income	**4,510**	*5,495*
	10,795	*19,981*

The loan of £9,700 thousand from a related party was repaid on 31 March 2017. The loan of £828 thousand will be repaid by 31 December 2018 and is non-interest bearing.

22. CREDITORS: Amounts falling due after more than one year

	2017 £000	*2016 £000*
Loans from related parties	1,248	-
	1,248	-

The loan from a related party is repayable in full by 30 April 2023 and is non-interest bearing. Repayments are based on service billing receipts from customers who have financing agreements with the Company.

23. DEFERRED TAXATION

	Accelerated capital allowances £000	Short-term timing differences £000	Pension deficit £000	Total £000
Deferred tax asset / (liability)				
As at 1 January 2016	*467*	*18*	*(604)*	*(119)*
(Charged) / credited to profit or loss	*183*	*29*	*(156)*	*56*
Charged to Other Comprehensive Income	-	-	*1,192*	*1,192*
Reclassified to current tax	-	-	*156*	*156*
Effect of change in tax rate in profit or loss	*(26)*	*(1)*	-	*(27)*
Effect of change in tax rate in Other Comprehensive Income	-	-	*34*	*34*
As at 31 December 2016	*624*	*46*	*622*	*1,292*

	Accelerated capital allowances *£000*	Short-term timing differences *£000*	Pension deficit *£000*	Total *£000*
Deferred tax asset				
As at 1 January 2017	*624*	*46*	*622*	*1,292*
(Charged) / credited to profit or loss	*16*	*(22)*	*123*	*117*
Charged to Other Comprehensive Income	-	-	*211*	*211*
Reclassified to current tax	-	-	*(123)*	*(123)*
Other adjustments	-	-	*(12)*	*(12)*
As at 31 December 2017	**640**	**24**	**821**	**1,485**

24. PROVISIONS

	Other provisions £000	Dilapidation provision £000	Total £000
At 1 January 2017	339	982	1,321
Charged to profit or loss	2,200	56	2,256
Interest unwind	-	5	5
Utilised in year	-	(105)	(105)
AT 31 DECEMBER 2017	**2,539**	**938**	**3,477**

The dilapidation provision covers the estimated costs of returning a leasehold property to its original state at the expiration of the lease. It is anticipated that this provision will be used over the period up to 2022.

The majority of the other provision relates to an agreement signed in 2017 stating the Company will compensate NHS England for costs incurred reviewing and processing clinical correspondence documents managed as part of Primary Care Services contract that exited in 2016. This is expected to be utilised within one year.

Other provisions also relates partly to staff costs following recent legislation. There is much uncertainty around the timing and amount of the staff costs provision but it is expected it will be largely used within the next two years.

25. SHARE CAPITAL

	2017 £000	*2016 £000*
Authorised		
12,000 Ordinary shares of £1 each	12	*12*
Allotted, called up and fully paid		
11,001 Ordinary shares of £1 each	11	*11*

26. CAPITAL COMMITMENTS

At 31 December 2017 the Company had capital commitments as follows:

	2017 £000	*2016 £000*
Contracted for but not provided in these financial statements	657	*603*
	657	*603*

27. PENSION COMMITMENTS

Defined Contribution Pension Scheme

The Company makes contributions to a defined contribution scheme operated by the Sopra Steria Group in the UK. The scheme is called the Sopra Steria Group Personal Pension Plan and is open to all employees who are not active members of the Federated Pension Plan.

As at 31 December 2017, the amount outstanding in respect of the Company's contribution to the scheme was £94,064 (2016: £90,116). The contributions made in respect of the year ended 31 December 2017 totalled £1,132,205 (2016: £1,105,160).

Defined Benefit Pension Scheme

The Federated Pension Plan is an approved, funded defined benefit pension plan. The assets of the plan are held separately from the Company in trustee-administered funds. The pension costs of the plan are charged to the Statement of Comprehensive Income as described in note 1.14. These costs are determined by qualified actuaries on the basis of formal valuations using the projected unit method.

In a defined benefit plan, the risks of meeting the pension obligations are retained by the Company. The last full valuation was at April 2016 which showed assets of £31,270,000 representing 90% of the plan's obligations. On the basis of that valuation, the contributions schedule previously agreed with the trustees involving monthly deficit repair contributions of £16,583 was agreed to be continued.

As at 31 December 2017 the amount outstanding in respect of the Company's contribution to the defined benefit scheme was £168,735 (2016: £126,713). The contributions made in respect of the year ended 31 December 2017 totalled £1,962,000 (2016: £2,074,000).

Composition of plan liabilities:

	2017	*2016*
	£000	*£000*
Actives	**28,189**	*32,840*
Vested deferreds	**10,920**	*3,269*
Retirees	**6,046**	*3,853*
TOTAL PLAN LIABILITIES	**45,155**	*39,962*

Composition of plan assets:

	2017	*2016*
	£000	*£000*
Equities	**26,749**	*24,117*
Government bonds	**13,374**	*12,059*
Cash	**205**	*198*
TOTAL PLAN ASSETS	**40,328**	*36,374*

27. PENSION COMMITMENTS (CONTINUED)

	2017 £000	*2016 £000*
Fair value of plan assets	**40,328**	*36,374*
Present value of plan liabilities	**(45,155)**	*(39,962)*
NET PENSION SCHEME LIABILITY	**(4,827)**	*(3,588)*

The amounts recognised in profit or loss are as follows:

	2017 £000	*2016 £000*
Current service cost	**(2,610)**	*(1,890)*
Interest on obligation	**(1,060)**	*(1,019)*
Interest income on plan assets	**989**	*1,189*
Past service cost	**-**	*627*
Defined benefit cost included in Statement of Comprehensive Income	**(2,681)**	*(1,093)*
Actual return on scheme assets	**(1,641)**	*(4,256)*
Effect of changes in financial assumptions	**480**	*11,972*
Effect of experience adjustments	**2,281**	*(288)*
Effect of changes in demographic assumptions	**(761)**	*263*
Administrative expenses paid from plan assets	**159**	*236*
Total remeasurements included in OCI	**(518)**	*(7,927)*

Reconciliation of fair value of plan obligations were as follows:

	2017 £000	*2016 £000*
Opening defined benefit obligation	**(39,962)**	*(26,536)*
Current service cost	**(2,612)**	*(1,890)*
Interest on obligation	**(1,060)**	*(1,019)*
Past sevice cost	**-**	*627*
Effect of changes in financial assumptions	**281**	*(12,235)*
Effect of experience adjustments	**(2,281)**	*288*
Benefits payments from plan assets	**479**	*803*
Closing defined benefit obligation	**(45,155)**	*(39,962)*

27. PENSION COMMITMENTS (CONTINUED)

Reconciliation of fair value of plan assets were as follows:

	2017 £000	*2016 £000*
Opening fair value of scheme assets	**36,374**	*29,894*
Interest income on plan assets	**989**	*1,189*
Contributions by employer	**1,962**	*2,074*
Return on plan assets excluding interest income	**1,641**	*4,256*
Administrative expenses paid from plan assets	**(159)**	*(236)*
Benefit payments from plan assets	**(479)**	*(803)*
Closing fair value of plan assets	**40,328**	*36,374*

The Company expects to contribute £2.0 million to its Defined Benefit Pension Scheme in 2018.

Principal actuarial assumptions at the Statement of Financial Position date (expressed as weighted averages):

	2017 %	*2016 %*
Discount rate	**2.55**	*2.68*
Future salary increases	**3.11**	*3.19*
RPI inflation	**3.11**	*3.19*
CPI inflation	**2.11**	*2.19*
Mortality rates: Assumed life expectancy on retirement at age 65		
- for a male aged 65 now	**22.1 years**	*22.5 years*
- at 65 for a male aged 45 now	**23.5 years**	*23.8 years*
- for a female aged 65 now	**24.0 years**	*24.3 years*
- at 65 for a female member aged 45 now	**25.5 years**	*25.8 years*

The mortality assumption is based on the S2P generational base tables (2016: S2P tables) with scaling of 100% for males (2016: 93%) and 100% for females (2016: 95%). Future improvements to life expectancy are based on the CMI 2016 projection model (2016: CMI 2015) model with a 1.25% long-term improvement rate (2016: 1%).

27. PENSION COMMITMENTS (CONTINUED)

The assumptions used by the actuary are best estimates chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice. The below tables show how the defined benefit obligation would be affected by reasonably likely changes in the assumptions, ignoring the relationship between variables.

	0.25% percentage point increase	**0.25% percentage point decrease**
Discount rate: Effect on defined benefit obligation: (Reduction) / increase	**(2,834)**	**3,068**
Inflation rate: Effect on defined benefit obligation: Increase / (reduction)	**2,682**	**(2,583)**

28. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2017 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2017 £000	*2016 £000*
Land and buildings		
Not later than 1 year	**1,306**	*1,028*
Later than 1 year and not later than 5 years	**3,269**	*3,950*
Later than 5 years	**-**	*564*
Total land and buildings	**4,575**	*5,542*
Equipment		
Not later than 1 year	**405**	*180*
Later than 1 year and not later than 5 years	**942**	*334*
Later than 5 years	**2**	*1*
Total equipment	**1,349**	*515*

29. RELATED PARTY TRANSACTIONS

	Sales to £000	Purchases from £000	Amounts owing by £000	Amounts owing to £000
Department of Health	1,526	34	71	2,092
Royal Marsden NHS Foundation Trust	763	-	7	-
Sopra Steria Limited	683	16,555	29	1,278
NHS Property Services	1,403	-	303	-
	4,375	16,589	410	3,370

The comparative figures for the year ended 31 December 2016 were:

	Sales to £000	Purchases from £000	Amounts owing by £000	Amounts owing to £000
Department of Health	1,705	-	152	9,700
Royal Marsden NHS Foundation Trust	679	-	52	-
Sopra Steria Limited	1,384	18,273	115	1,700
NHS Property Services	1,907	-	37	-
	5,675	18,273	356	11,400

The £9,700 thousand loan from the Department of Health to the Company was repaid in March 2017.

During 2016, M J Thorman was appointed as a Director of the Company. He is also Chief Financial Officer of an existing client, The Royal Marsden NHS Foundation Trust, resulting in them becoming a related party.

During 2017, B M P Masterson was appointed as a Director of the Company. He was also appointed as Director of NHS Property Services resulting in them becoming a related party.

30. SHARE-BASED PAYMENTS

The Company's share-based payment plans are described in the paragraphs below and are awarded in Sopra Steria Group S.A shares. Shares granted under these plans usually have a vesting period of 3 years.

(a) Steria Matching and Partnership Shares (SIP)

The current SIP was introduced in March 2016. For the year ended 31 December 2017, the Company set a matching level of one matching share for every one partnership shares purchased.

(b) Steria Leverage Scheme

The Leverage scheme offers all employees the opportunity to benefit from the growth in the Sopra Steria S.A. share price over a 5-year period. Shares are purchased up front at a discounted price. At the end of the 5-year period the employees receive the higher of a multiple of the average price increase over the non-discounted price or a percentage per annum on their investment.

(c) Steria Free Shares

Certain employees of the Company are offered free performance shares. The key features of the free performance share schemes are as follows:
• Participation is at the approval of the General Manager
• All unvested awards have performance conditions
• In order to receive free performance shares the participant must remain an employee or retiree of the Company for a minimum of three years.

31. CONTROLLING PARTY

The Company's immediate holding company is Sopra Steria Limited, a company registered in England and Wales.

The Company's ultimate holding company at the end of the reporting period is Sopra Steria Group S.A., a company registered in France. Sopra Steria Group S.A. has included the Company and its immediate holding company in its group accounts, copies of which may be obtained from Sopra Steria Group S.A., PAE les Glaisins, 74940 Annecy-le-Vieux, France. They are also available on the Sopra Steria Group website at www.soprasteria.com.

The smallest and largest group in which the results of the Company are consolidated is Sopra Steria Group S.A., a company incorporated in France. In these accounts "Group" refers to the group of companies of which Sopra Steria Group S.A. is the ultimate holding company.