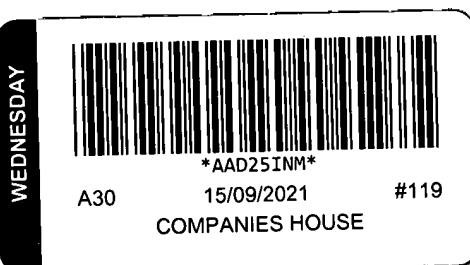

NHS SHARED BUSINESS SERVICES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020



NHS SHARED BUSINESS SERVICES LIMITED

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NHS SHARED BUSINESS SERVICES LIMITED

COMPANY INFORMATION

DIRECTORS	D S Ahluwalia D A Edmonds (Chairman) J A S Jewitt B M P Masterson J N M Neilson M J Thorman
COMPANY SECRETARY	G M Brooks-Usher
REGISTERED NUMBER	05280446
REGISTERED OFFICE	Three Cherry Trees Lane Hemel Hempstead Hertfordshire HP2 7AH
INDEPENDENT AUDITOR	Mazars LLP Chartered Accountants and Statutory Auditor First Floor Two Chamberlain Square Birmingham B3 3AX

NHS SHARED BUSINESS SERVICES LIMITED

CHAIRMAN AND MANAGING DIRECTOR'S STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

The Chairman presents his statement for the year ended 31 December 2020.

For NHS Shared Business Services Limited (NHS SBS), 2020 - as for many other companies - was the most challenging in our history. I am proud to record the view of the Board that the way in which the management team led the organisation and the response of staff at all levels has been remarkable. The business and our people have provided, at every stage, unflinching and effective support to NHS colleagues when they absolutely needed it most.

Around 850 UK employees were set up to work from home by the end of March and we rapidly introduced new systems, procedures and technology. As a result, we maintained the critical services we deliver for the NHS.

There was inevitably increased demand on our services this year. Our teams have worked exceptionally hard to move more money around the NHS than ever before; process record numbers of payments so that vital goods were delivered to the NHS; and ensured an influx of new and existing NHS workers were paid correctly and on time.

We also provided extra resource and expertise to support the emergency response across the country, such as helping to establish the new NHS Nightingale hospitals in a matter of weeks.

NHS SBS is a joint venture between the Department of Health and Social Care (DHSC) and Sopra Steria Limited. This means that our employees take real pride in being part of the NHS. 2020 has been a reminder of how important our contribution is to the success of the healthcare system.

Well-deserved independent recognition for the efforts of our teams came in the form of 12 industry awards and commendations in 2020, including 'Best Employee-Focused Response' and 'Best Overall Company Response' to COVID-19 at the Global Sourcing Awards; 'Digital Finance Project of the Year' at the Public Finance Awards; and 'Procurement Team of the Year' at the Healthcare Supply Association Awards.

As our greatest asset, we focused heavily on supporting our workforce during the pandemic as the business transitioned to entirely new ways of working. This included a wide range of measures to support the physical and mental wellbeing of staff. Ending such a difficult year by achieving our highest ever Great Place to Work (GPTW) score is testament to the importance the business has attached to being an employee-focused organisation.

We welcomed Erika Bannerman as our new Managing Director in July, and I would record in this statement our thanks to David Morris, her predecessor, for his commitment and determination to build this business. Looking ahead, the Board is committed to consolidating the extraordinary achievements of the last 12 months, to grow the business and to increase our ability to deliver demonstrable and unrivalled value to an evolving NHS.

With this in mind we will continue to invest in technology and people – to increase our service capabilities and develop new digital solutions, which drive best practice, enhance user experience and support the new NHS system-based model of care.

The future strategy for NHS SBS is underpinned by our ability to apply our commercial skills to provide high-quality and economic services, linked to our understanding and acceptance of the public service ethos. We shall differentiate ourselves in this way to fulfil our ambition to be the corporate service partner of choice for the NHS.



Name **David Edmonds CBE**
Chairman

Date: 20 April 2021

NHS SHARED BUSINESS SERVICES LIMITED

CHAIRMAN AND MANAGING DIRECTOR'S STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

The Managing Director presents her statement for the year ended 31 December 2020.

The quality and resilience of the services we provide to the NHS were tested to the extreme this year by the arrival of COVID-19.

Whilst having to adapt quickly to entirely new ways of working across the entire business, it was imperative that we were in a position to continue providing essential services to almost 270 NHS providers and commissioners, ensuring they remained operational and able to focus on the clinical response to the pandemic.

The success of our response over the last 12 months has been recognised across the sector and has provided us with a stronger platform than ever to build for the future as a strategic partner to the NHS. The dedication, skill and expertise of our people has led to countless achievements across all areas of the business.

For example, in April and May alone, our teams processed 167,000 purchase orders and paid over one million supplier invoices (worth £7.5billion), whilst also managing an additional £46.5billion of cash for the NHS – all whilst working from home.

To support the NHS workforce, our teams have worked tirelessly to ensure that around 400,000 NHS employees across 90 different NHS organisations continued to be paid as normal – processing all 164 weekly and monthly payrolls remotely for the first time ever.

Our specialist procurement teams have helped establish the new NHS Nightingale hospitals, working particularly closely with Manchester University NHS Foundation Trust to plan, source and equip the North West emergency hospital.

In the East of England, our newest business area – Innovation & Technology Services – helped NHS hospitals to rapidly increase their remote working capability.

Despite the challenges brought by the pandemic, we have also made excellent progress across a range of corporate priorities in 2020. This has included increasing our Great Place to Work (GPTW) rating to 70%, which is our highest ever score and meets the threshold to become a GPTW certified organisation. We also ended 2020 with a Net Promoter Score (NPS) – measuring the advocacy of our NHS customers – of +47. This is also our highest ever rating.

In addition, over the course of the year, we signed contracts with a number of new customers and secured 34 contract renewals, as NHS organisations continue to trust us to deliver best-quality, value-for-money corporate services on their behalf.

The vital role we have fulfilled during the national response to COVID-19 can be a catalyst for the future growth of the business. Our new corporate strategy is aligned to proposed NHS reforms to the way the healthcare system is set up to deliver patient care, particularly the move to Integrated Care Systems and increased collaboration between health and care organisations on a regional basis.

In 2020, we worked more closely than ever before with our national NHS partners, such as NHS England and NHS Improvement (NHSEI). This close collaboration will continue so that together we can quicken the pace of digital adoption across the NHS – co-designing, developing and delivering innovative corporate solutions, for now and years to come.

E Bannerman

Erika Bannerman

Managing Director

Date: 20 April 2021

NHS SHARED BUSINESS SERVICES LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

INTRODUCTION

The Directors are pleased to present their strategic report for the year ended 31 December 2020.

PRINCIPAL ACTIVITIES

NHS Shared Business Services Limited (the Company) is a joint venture between Sopra Steria Limited and the Department of Health and Social Care 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, Innovation & Technology and Procurement Services to NHS organisations.

BUSINESS REVIEW

This year has unsurprisingly been dominated by COVID-19. Our response has focused on protecting the health and wellbeing of our employees, whilst adapting to almost 100% home-working to ensure business continuity for the NHS.

In the early weeks of the pandemic, this included employees being reassigned (and retrained as necessary), cross-team working and prioritisation of skills, to ensure uninterrupted services so the NHS could continue to function effectively.

Following the closure of our Noida and Pune offices in India (due to local and national restrictions), a number of essential processes were re-shored to the UK. Due to the pace at which this was required, as an interim measure, colleagues from other parts of the Company (such as our central functions) were deployed to support business critical activity.

The ongoing safety and welfare of our workforce has remained our top priority throughout the pandemic. Steps were taken, therefore, to facilitate a suitable home-working environment – to ensure the health and safety of all employees – and to support the physical and mental wellbeing of our people.

Effective two-way communication with our employees and supporting their continued development (despite the challenges brought by the pandemic) have also been key areas of focus for the Company this year.

Thanks in large part to the critical role our people have played during the pandemic, we achieved a Great Place to Work (GPTW) score of 70% and were officially GPTW certified in 2020 – achieving this corporate objective two years earlier than planned.

COVID-19 has highlighted more than ever the integral role we have in the overall success of the NHS. More than one hundred NHS providers continued to rely on us to deliver at least one corporate service this year. Meanwhile, every NHS commissioning organisation in the country used our national accounting platform (Integrated Single Financial Environment) via our agreement with NHS England and NHS Improvement (NHSEI).

Our relationship with NHSEI and other strategic NHS partners has strengthened over the last 12 months as a result of our close collaboration during the pandemic. We have helped NHSEI speed up the cash flow to NHS providers – getting money quickly to where it has been needed across the NHS. At the same time, we have worked together on a complex merger programme – 74 Clinical Commissioning Group (CCG) financial ledgers into just 18. On launch day (1 April), we facilitated a record amount of cash (£21billion) flowing around the NHS.

In support of a national campaign by NHS Professionals to attract more healthcare professionals back into the NHS, we were processing more than 4,000 new starters a week in the early stages of the pandemic – an increase of more than 500% on pre-Covid-19 levels. In just a couple of months we had worked to onboard and pay more than 20,000 new or returning healthcare staff.

NHS SHARED BUSINESS SERVICES LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

As part of our pandemic response and to support the ongoing digital transformation of the NHS, we made further progress in rolling out our digital solutions this year. Our NHS employee payroll app has now been downloaded by almost 100,000 users. The Edge4Health procurement platform is being used by over 20 NHS trusts and for £141million worth of spend. Our investment in automation technologies like Robotic Process Automation (RPA) is now saving over 500,000 processing hours a year.

The excellent service we delivered to our NHS customers in 2020 – despite the intense challenges of COVID-19 – is reflected in our Net Promoter Score (NPS), which increased from +45 in 2019 to +47 this year.

INTERNAL CONTROL

Strategic, financial, commercial, operational, social, environmental 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 associated assurance regime can only provide reasonable, not absolute, assurance against material misstatement or loss.

As part of our Quality Management Programme, the Company Quality Assurance Board (QA Board) met six times during 2020. The Board receives regular reports from across the business as part of its obligations to monitor and maintain 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 provides regular assurance reports via the Executive Management Team to the Company's Audit Committee and Board throughout the year.

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 national Data Security & Protection Toolkit (formerly Information Governance Toolkit). In 2019/20, the Company successfully met all standards required for an NHS Business partner. The 2020/21 submission is in progress. The evidence provided for 2020/21 is expected to meet or exceed the required standard across all criteria.

INFORMATION GOVERNANCE STATEMENT OF COMPLIANCE

As part of the service provision, the Company is required to maintain its IG Statement of Compliance as an enabler for the use of the NHS Health and Social Care Network (HSCN) network and related NHS Care Record Systems. Assessment against IG Compliance remains in progress, and is anticipated to meet compliance and will conclude in March 2021.

As part of the extended assurance for Operational Security best practice, the Company has implemented an ISO27001:2013-compliant Information Security Management System (ISMS). The ISMS has been certified for the whole of the Company excluding NHS SBS East Anglia. NHS SBS East Anglia is being readied for certification extension in Q3 2021. The external assessment process was undertaken by external auditors DNV GL. Recertification for ISO 27001:2013 took place in 2019 to ensure continuity of certification and is now valid until February 2022. Cyber Essentials certification has been achieved and the Company was working towards the external audited Cyber Essentials Plus certification in 2020 (notified in January 2021 that this had been successfully awarded). NHS SBS is only the fifth organisation within the whole of the NHS to achieve this certification.

NHS SHARED BUSINESS SERVICES LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

RISK MANAGEMENT

In 2020, 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, 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 Department of Health and Social Care guidance on managing information risk within an organisation, the Company has continued 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 Data Protection Officer (DPO) and Senior Information Risk Owner (SIRO). Any reported Serious Incidents Requiring Investigation (SIRIs) require SIRO approval before closure can be achieved.

In 2020, five SIRIs were reported internally, with none scoring as reportable externally. This follows ongoing embedding of our Incident Management Policy and Procedures.

TRAINING

The Company has established a positive training culture, regularly achieving high rates of training update and pass rates amongst employees, who receive comprehensive Information Governance (including data protection) training via e-learning training modules provisioned by NHS Digital. The Company has integrated this resource as part of its 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 areas such as Records Management, Incident Recognition and Reporting, and Risk Recognition and Management.

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.

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 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 strategic risks that are reported and managed are:

- Implementing new technologies and commercial models to deliver new services;
- Enable the NHS to deliver transformational change;
- Meeting legislative changes;
- 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 Company policy to assess the credit risk of new customers before entering into 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.

NHS SHARED BUSINESS SERVICES LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

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.

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 as well as information regarding cash balances ahead of Board meetings. 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 borrowing.

FOREIGN EXCHANGE RISK

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

EU EXIT

NHS SBS continues to deliver services as normal for all clients and suppliers following the UK's formal departure from the European Union. In 2020, further assessments were carried out to provide assurance across areas such as impact on service delivery, data hosting and data processing.

COVID-19

The ongoing COVID-19 pandemic is being dealt with as a business incident within the Company and, as such, a governance structure to direct our response has been established. The leadership team has put in place plans to manage the evolving situation, including workforce measures, business continuity plans and supplier management.

FINANCIAL KEY PERFORMANCE INDICATORS

	2020	2019	Change
	£000	£000	%
Turnover	83,182	81,526	2.0
Profit Before Tax	9,391	9,719	(3.4)

NHS SHARED BUSINESS SERVICES LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

OTHER KEY PERFORMANCE INDICATORS

	2020	2019
Number of Service Contracts	188	190
Finance and Accounting Transaction Volumes	6,326,351	7,257,933
Net Promoter Score	+47	+45
Operating Profit Percentage	11.4%	11.9%

The Company is a signatory to the Prompt Payment Code and measures its success in paying suppliers in a timely fashion.

	H2 2020	H1 2020	H2 2019	H1 2019
Percentage of invoices paid within 60 days	98	99	97	97
Percentage of invoices paid to contractual terms	75	89	84	80

The Company recognises the importance of being an employee-focused organisation and measures the engagement of its staff with the Great Place To Work survey.

	2020	2019
Overall engagement score	70	65

DIRECTORS' SECTION 172(1) STATEMENT OF COMPLIANCE WITH DUTY TO PROMOTE THE SUCCESS OF THE COMPANY

Our new five-year strategy will promote the success of the Company and the long-term interests of our various stakeholders – including both of our shareholders: Sopra Steria Limited and the Department for Health and Social Care (DHSC).

We aim to grow the business to have a more significant impact than ever before on ensuring the future success of an evolving healthcare system. Our focus is on supporting the proposed reforms to the NHS and how we can provide most value within a new system-based model for delivering healthcare. As such, we are developing 'next generation' Business Process Outsourcing (BPO) solutions that are aligned to national strategies and Integrated Care Systems (ICSs).

Our strategic focus on strengthening relationships with our NHS customers has been more important than ever this year, despite the logistical challenges associated with COVID-19. Engagement initiatives, such as user forums, have continued via digital channels. As part of our new strategy, we are committed to establishing a National Client Board to embed the 'voice of the customer' into all our strategic and operational initiatives.

Over the course of 2020, we have sought to promote and celebrate our employees and their contribution to the NHS as part of the pandemic response. We continue to engage with them via a number of forums and involve them in decisions that affect the future success of the Company. More details about how we engage with our employees is on page 11.

We continue to work closely with a number of technology partners and other suppliers to deliver systems for the NHS, such as our Oracle ERP platform and The Edge4Health. A structured contractual, commercial and partnership approach will ensure continued success from existing and future alliances and partnerships.

We are committed to embedding social value into every part of our business. In 2020, we again encouraged employees to take advantage of our one day's paid leave for volunteering in their community. Due to the success of the scheme, the Company has now increased this pledge to three days' paid leave from 2021.

NHS SHARED BUSINESS SERVICES LIMITED

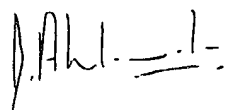
**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

The One Day Challenge, meanwhile, which took place as a virtual event for the first time in 2020, is a one-day event giving employees from across all areas of the Company the opportunity to raise money for their locally-chosen charities.

Having achieved a range of 2020 environmental objectives, such as maintaining CarbonNeutral® certification for our business travel, offices and data centres, we are in the process of establishing new five-year objectives from 2021 onwards.

Driven at executive level and working alongside Sopra Steria Limited, our social value credentials will increasingly influence how we operate and communicate with our customers. Our ambition is to truly differentiate the business from other public and private sector organisations and gain a reputation for being a sector-leading force for good.

This report was approved by the board and signed on its behalf on 20 April 2021.



D S Ahluwalia
Director

NHS SHARED BUSINESS SERVICES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

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

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), including Financial Reporting Standard 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 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; and
- 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.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £7,883 thousand (2019: £7,882 thousand).

During the year, the Company paid a dividend of £4 million (2019: £4 million). The Board has resolved to pay a further dividend of £4 million in 2021.

DIRECTORS

The Directors who served during the year and to the date of this report were:

D S Ahluwalia
D A Edmonds (Chairman)
J A S Jewitt
B M P Masterson
J N M Neilson (appointed 1 July 2020)
M J Thorman
J P Torrie (resigned 1 July 2020)

NHS SHARED BUSINESS SERVICES LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

FUTURE DEVELOPMENTS

The Company's new strategy aims to build on our track record for delivering high-quality corporate services, growing our service capability through an evolving BPO offer, expert service delivery and the development of new digital solutions.

This will serve to support our vision to 'help the NHS save money and enhance quality so that it can improve health, innovate to save lives and deliver better outcomes with care and compassion'.

Whilst providing essential BPO services will remain the cornerstone of how we support the NHS, future investments will increasingly focus on new technologies and automation. This will help us work collaboratively with NHS customers and stakeholders to drive best practice and better ways of working across the healthcare system – enabling them to concentrate on patient care rather than distractions away from the frontline.

To help ensure our future success, a new Enterprise Target Operating Model will be implemented, incorporating Robotic Process Automation (RPA) and Artificial Intelligence (AI) technologies, to drive productivity, greater efficiencies and scalability, whilst also reducing the operational cost base and improving service quality and user experience.

ENGAGEMENT WITH EMPLOYEES

Ensuring a happy, safe and motivated workforce has been crucial in 2020, not just for the good of the Company, but for the entire NHS community. Our employee engagement during the pandemic has helped facilitate an exceptional response from our people.

The wellbeing of our people has been our number one focus this year. This has included fostering a workplace culture where all employees feel able to talk openly about mental health and are actively supported to be healthy, both emotionally and physically.

We have published wellbeing guidance in areas such as Flexible Working and Supporting Bereaved Colleagues, and prepared manager guidance on topics like Managing a Remote Team and Mental Wellbeing. We also trained volunteer Mental Health First Aiders to support colleagues across the business.

A regular series of webinars has covered a variety of subject areas, including Adjusting to Life Working Remotely; Lone Working and Maintaining Domestic Balance.

In recognition of the importance of social interactions, meanwhile, we have promoted a range of fun virtual events for our people and their families.

Throughout the year our leadership team has taken steps to ensure frequent communications channels were open with all employees. Clear and useful workforce updates about the quickly evolving situation has been a key priority during the pandemic.

Our employee representative group U2 has provided an invaluable two way feedback loop, including regular all employee 'temperature check' surveys. We also have positive engagement with our Employee Engagement Networks to seek feedback and ideas from our employees.

Our employee development programme of events has continued successfully in 2020. Rather than cancel or defer, events moved to virtual delivery or used virtual tools to connect. This included both our Inspirational Leadership Programme and Talent Development Programme.

NHS SHARED BUSINESS SERVICES LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

With our employees going above and beyond for the good of the NHS, it has been important for the Company to recognise their contribution. At the height of the pandemic we introduced a weekly good news story into our employee newsletter. This promoted the work of each of our four business lines and how it was positively impacting the wider NHS. Successes were also reported externally in the media – drawing public attention to the efforts of our people.

Our employee response to the pandemic has also received industry recognition, winning 'Best Employee Focused Response' at the Global Sourcing Association (GSA) Professional Awards 2020.

Despite the difficulties and challenges of 2020, the Company ended the year with its best ever Great Place to Work (GPTW) score – up from 65% in 2019 to 70% in 2020.

DIVERSITY AND INCLUSION

Equal opportunities and diversity are promoted as part of employment with the Company. A dedicated policy outlines the commitment to a working environment that is free from discrimination and that values all employees as individuals. The Company employs people from all parts of the community regardless of age, gender, gender identity, marital status, disability, ethnicity, religious belief or sexual orientation.

For applicants who consider themselves to have a disability the Company ensures reasonable adjustments are made where required. In the event of employees becoming disabled whilst in employment, every effort is made to support them in continuing their employment.

Alongside our parent company Sopra Steria Limited, we have implemented a five-stage Diversity and Inclusion Maturity Model (Stage 1: Compliance-Driven; Stage 2: Values-Driven; Stage 3: Talent Performance-Driven; Stage 4: Operational and Strategic-Driven; Stage 5: Market Strategy-Driven).

At the beginning of 2019, the Company was considered to be at Stage 2. In 2020, notable progress has included a Zero-Tolerance Pledge; Disability Confident level 1 accreditation; signing up the Business in the Community Race at Work Charter; mandatory training on equality, diversity, harassment, bullying and unconscious bias; the launch of a Female Mentoring Programme; and an expansion of Inclusion Networks.

At the end of this year, the Company was assessed as having advanced to Stage 3 of the Diversity and Inclusion Maturity Model. A range of further actions are planned for 2021, with the aim of making further progress.

NHS SHARED BUSINESS SERVICES LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

GREENHOUSE GAS EMISSIONS, ENERGY CONSUMPTION AND ENERGY EFFICIENCY ACTION

In compliance with Streamlined Energy and Carbon Reporting (SECR) regulations the Directors are pleased to report, for the first time, the Company's performance relating to greenhouse gas (GHG) emissions, energy consumption and energy efficiency actions.

			Baseline Year
	2020	2019	2017
Energy consumption - gas (Kilowatt-hour - kWh)	1,429,340	1,463,986	1,125,020
Energy consumption - electricity (kWh)	1,927,594	2,563,810	2,180,386
Energy consumption - transport (kWh)	279,283	1,088,624	1,216,994
Total energy consumption (kWh)	3,636,217	5,116,420	4,522,400
Total energy consumption (kWh) per full-time employee (FTE)	4,095	5,358	5,508

% change in Total Energy consumption (against baseline)	-19.6%	13.1%	
% change in Total Energy consumption (against previous year)	-28.9%		
% change in Total Energy consumption per FTE (against baseline)	-25.7%	-2.7%	
% change in Total Energy consumption per FTE (against previous year)	-23.6%		

Scope 1	264	270	208
Scope 2 (location-based)	449	655	767
Scope 3	137.8	401.89	479.38
Total greenhouse gas (GHG) emissions	851	1,327	1,454

% change in Total GHG emissions (against baseline)	-41.5%	-8.8%	
% change in Total GHG emissions (against previous year)	-35.9%		

Scope 2 (market-based)	0	0	90
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Total GHG emissions per FTE	0.96	1.39	1.77
% change in Total GHG emissions per FTE (against baseline)	-45.9%	-24.4%	
% change in Total GHG emissions per FTE (against previous year)	-31%		

Carbon credits tCO ₂ (e)	392	651	0
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NHS SHARED BUSINESS SERVICES LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

GHG

Greenhouse gas: An atmospheric gas, such as water vapour, carbon dioxide, methane and nitrous oxide, responsible for the greenhouse effect, which has led to the acceleration of global warming and climate change.

tCO₂(e)

Tonnes of carbon dioxide equivalent: allowing other greenhouse gas emissions to be expressed in terms of carbon dioxide based on their relative global warming potential.

Methodology

Our reporting follows the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard, applying the operational control approach to our organisation's boundary against a materiality threshold of 5%. Any source of emissions that emits less than 5% of corporate emissions is regarded as immaterial.

Our gross carbon emissions have been classified in the following way:

Scope 1 - Direct emissions from: gas used in buildings for heating and fuel used in back-up power generators.

Scope 2 - Indirect emissions from: electricity used in offices and through electric charging points which we own. We report both location-based emissions (taking into account the UK grid average) and market-based emissions (reflecting the amount of energy from renewable sources).

Scope 3 - Indirect emissions from: business travel (by air, road and rail); hotel stays; electricity consumed in a transmission & distribution system; water supply; and waste recycling and disposal.

The most recent emission factors have been applied to the calculation of greenhouse gas emissions for the financial year ended 31st December 2020: BEIS (DEFRA): UK Government GHG Conversion Factors for Company Reporting (year 2020); and the European Residual Mixes 2017 for the United Kingdom - Association of Issuing Bodies.

Energy Efficiency Actions

In 2020, we realised a year-on-year reduction in our energy intensity (per full-time employee) of 23.6%, as shown in the table above. Since our baseline year of 2017, our absolute energy footprint has decreased by 19.6%.

Due to the delivery of essential services by key workers, some of our offices have continued to remain open throughout the coronavirus pandemic, although with reduced occupancy rates. Our facilities management teams have made appropriate interventions to settings on building management systems in order to optimise controls for eliminating energy wastage.

Sopra Steria Group, as part of its commitment to become Net Zero for CO₂ emissions by the end of 2028, is embracing the United Nations' Climate Neutral NOW programme. For the financial year 2020, Sopra Steria Group's offices and datacentres became Climate Neutral NOW and business travel emissions will be migrated from Carbon Neutral to Climate Neutral NOW during the 2021-22 period.

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.

NHS SHARED BUSINESS SERVICES LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

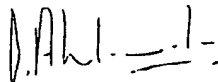
EVENTS AFTER THE REPORTING PERIOD

Subsequent to the end of the reporting period, the Government has announced that it intends to increase the rate of corporation from 19% to 25% with effect from 1 April 2023. As this increase had not been substantially enacted as at the end of the reporting period, the change has not been taken into account in these financial statements. The adjustment is expected to lead to an increase in deferred tax assets and equity of approximately £760 thousand.

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 and signed on its behalf on 20 April 2021.



D S Ahluwalia
Director

NHS SHARED BUSINESS SERVICES LIMITED

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 2020 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 2020 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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our audit procedures to evaluate the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included but were not limited to:

- Undertaking an initial assessment at the planning stage of the audit to identify events or conditions that may cast significant doubt on the company's ability to continue as a going concern;
- Obtaining an understanding of the relevant controls relating to the directors' going concern assessment;
- Evaluating the directors' method to assess the company's ability to continue as a going concern;
- Reviewing the directors' going concern assessment, which incorporated severe but plausible scenarios;
- Evaluating the key assumptions used and judgements applied by the directors in forming their conclusions on going concern; and
- Reviewing the appropriateness of the Directors' disclosures in the financial statements.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information contained within the Directors' Report. 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.

NHS SHARED BUSINESS SERVICES LIMITED

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

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 course of 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 the 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 in relation to which 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.

Responsibilities of Directors

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.

NHS SHARED BUSINESS SERVICES LIMITED

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

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Based on our understanding of the Company and its industry, we identified that the principal risks of non-compliance with laws and regulations related to the UK tax legislation, employment regulation, corruption and fraud, non-compliance with implementation of government support schemes relating to COVID-19, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements, such as the Companies Act 2006.

We evaluated the Directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting manual journal entries to manipulate financial performance and management bias through judgments and assumptions in significant accounting estimates.

Our audit procedures were designed to respond to those identified risks, including non-compliance with laws and regulations (irregularities) and fraud that are material to the financial statements. Our audit procedures included but were not limited to:

- Discussing with the Directors and management their policies and procedures regarding compliance with laws and regulations;
- Communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the Company which were contrary to applicable laws and regulations, including fraud.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the Directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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.

NHS SHARED BUSINESS SERVICES LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NHS SHARED BUSINESS SERVICES
LIMITED (CONTINUED)**

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.



Louis Burns (Senior statutory auditor)

for and on behalf of

Mazars LLP

Chartered Accountants and Statutory Auditor
First Floor
Two Chamberlain Square
Birmingham
B3 3AX

Date: 23 August 2021

NHS SHARED BUSINESS SERVICES LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Note	2020 £000	2019 £000
Turnover	3	83,182	81,526
Administrative expenses		(73,664)	(71,800)
OPERATING PROFIT	4	9,518	9,726
Interest receivable and similar income	8	193	326
Interest payable and similar expenses	9	(169)	(232)
Other finance expense	10	(151)	(101)
PROFIT BEFORE TAX		9,391	9,719
Tax on profit	11	(1,508)	(1,837)
PROFIT FOR THE FINANCIAL YEAR		7,883	7,882
OTHER COMPREHENSIVE INCOME:			
ITEMS THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS:			
Actuarial loss on defined benefit schemes	25	(4,611)	(3,503)
Deferred tax credit regarding pension contribution excess		859	623
Current tax credit / (charge) regarding pension contribution excess		17	(27)
Change in tax rate		163	-
		(3,572)	(2,907)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		4,311	4,975

The notes on pages 24 to 55 form part of these financial statements.

NHS SHARED BUSINESS SERVICES LIMITED
REGISTERED NUMBER:05280446

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

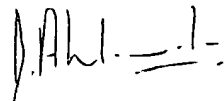
	Note	2020 £000	2019 £000
FIXED ASSETS			
Goodwill	13	633	633
Other intangible assets	14	6,876	6,472
Tangible assets	15	4,584	5,725
Investments	16	1	1
		<u>12,094</u>	<u>12,831</u>
CURRENT ASSETS			
Debtors	17	21,195	15,672
Cash and cash equivalents		50,777	48,650
		<u>71,972</u>	<u>64,322</u>
Creditors: amounts falling due within one year	18	(18,075)	(15,184)
NET CURRENT ASSETS		<u>53,897</u>	<u>49,138</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>65,991</u>	<u>61,969</u>
Creditors: amounts falling due after more than one year	19	(5,916)	(7,596)
		<u>60,075</u>	<u>54,373</u>
PROVISIONS FOR LIABILITIES			
Provisions	22	(2,192)	(1,441)
		<u>(2,192)</u>	<u>(1,441)</u>
NET ASSETS EXCLUDING PENSION LIABILITY		<u>57,883</u>	<u>52,932</u>
Pension liabilities	25	(12,675)	(8,154)
NET ASSETS		<u><u>45,208</u></u>	<u><u>44,778</u></u>

NHS SHARED BUSINESS SERVICES LIMITED
REGISTERED NUMBER:05280446

STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 DECEMBER 2020

	Note	2020 £000	2019 £000
CAPITAL AND RESERVES			
Called up share capital	23	11	11
Share premium account		152	152
Retained earnings		45,045	44,615
SHAREHOLDERS' FUNDS		45,208	44,778

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 19 August 2021.



D S Ahluwalia
Director

The notes on pages 22 to 53 form part of these financial statements.

NHS SHARED BUSINESS SERVICES LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Called up share capital (note 23) £000	Share premium account £000	Retained earnings £000	Total equity £000
At 1 January 2019	11	152	44,165	44,328
Impact of change in accounting standard - IFRS 16	-	-	(622)	(622)
At 1 January 2019 (adjusted balance)	11	152	43,543	43,706
COMPREHENSIVE INCOME FOR THE YEAR				
Profit for the year (as restated)	-	-	7,882	7,882
Actuarial losses on pension scheme	-	-	(3,503)	(3,503)
Current tax regarding pension contribution excess	-	-	(27)	(27)
Deferred tax regarding pension contribution excesss	-	-	623	623
OTHER COMPREHENSIVE INCOME FOR THE YEAR				
Dividends	-	-	(4,000)	(4,000)
Share-based payments	-	-	97	97
At 1 January 2020	11	152	44,615	44,778
COMPREHENSIVE INCOME FOR THE YEAR				
Profit for the year	-	-	7,883	7,883
Actuarial losses on pension scheme	-	-	(4,611)	(4,611)
Current tax regarding pension contribution excess	-	-	17	17
Deferred tax regarding pension contribution excess	-	-	859	859
Change in tax rate	-	-	163	163
OTHER COMPREHENSIVE INCOME FOR THE YEAR				
Dividends paid	-	-	(4,000)	(4,000)
Share-based payments	-	-	119	119
AT 31 DECEMBER 2020	11	152	45,045	45,208

The notes on pages 24 to 55 form part of these financial statements.

NHS SHARED BUSINESS SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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 Company's functional and presentational currency is Pounds 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's accounting policies (see note 2).

The Company is exempt from preparing consolidated financial statements under s400 of the Companies Act 2006 as at 31 December 2020, 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 applied:

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;
- certain disclosures regarding the Company's revenue;
- certain disclosures regarding the Company's leases;
- a statement of cash flows;
- the effect of future accounting standards not yet adopted; and
- the disclosure of the remuneration of key management personnel.

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 29.

NHS SHARED BUSINESS SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

1. ACCOUNTING POLICIES (CONTINUED)

1.3 Adoption of new and revised standards

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
Amendments to IFRS 9 - Interest Rate Benchmark Reform	1 January 2020
Amendments to References to the Conceptual Framework in IFRS Standards	1 January 2020
Amendments to IAS 1 and IAS 8 - Definition of Material	1 January 2020
Amendments to IFRS 3 - Definition of Business	1 January 2020
Amendments to IFRS 16 - Covid-19-Related Rent Concessions	1 June 2020

1.4 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 COVID-19 situation continues to evolve rapidly and the Company continues to monitor the situation with focus on supporting our clients and the wider NHS in ensuring that staff are paid, orders are processed, suppliers are paid and cash moves around the NHS. The Company is integral to the NHS and will continue to operate during this pandemic. The majority of customer contracts are to support NHS customers and these will continue and revenue is secure. The Company has a strong cash balance should any customer payments be delayed. The Company continues to work closely with our suppliers to ensure services continue and suppliers are paid promptly.

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.

NHS SHARED BUSINESS SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

1. ACCOUNTING POLICIES (CONTINUED)

1.5 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money. Typically, satisfaction of performance obligations matches invoice timing and payment, occurring on a monthly basis.

Where the Company enters into contracts that have delivery penalties such as service credits and milestone delay payments, at contract inception, the Company uses its accumulated historical experience to estimate the expected reduction in the transaction price for such refunds. This assessment is updated regularly once the contract has commenced with any subsequent remeasurement being treated as an adjustment to revenue.

Rendering of services

Revenue from providing services is recognised in the accounting period in which the services are rendered.

For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided because the customer receives and uses the benefits simultaneously.

Where contracts include multiple performance obligations, the transaction price will be allocated to each performance obligation based on the stand-alone selling prices. Where these are not directly observable, they are estimated based on expected cost plus margin. For service contracts including a goods element, revenue for the separate good is recognised at a point in time when the good is delivered, the legal title has passed and the customer has accepted the good.

Typically when the Company wins new business, migration work is performed to transfer the customer onto Company systems and processes. Under IFRS 15, most migration work is not considered a distinct performance obligation, hence the associated income is spread over the expected contract period, with costs deferred where they meet the definition of costs to fulfil a contract.

NHS SHARED BUSINESS SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

1. ACCOUNTING POLICIES (CONTINUED)

1.6 Leases

The Company as a lessee

The Company leases various properties and equipment. Rental contracts are typically for fixed periods of 3 to 6 years for equipment and 5 to 20 years for property.

The Company assesses whether a contract is or contains a lease, at inception of a contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate. [Provide an explanation how the incremental borrowing rate is determined].

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is included in 'Creditors' on the Statement of Financial Position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised payment stream.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. The costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

NHS SHARED BUSINESS SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

1. ACCOUNTING POLICIES (CONTINUED)

1.6 Leases (continued)

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are included in the 'Tangible Fixed Assets' line in the Statement of Financial Position.

The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in note 1.9.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has not used this practical expedient.

The Company as a lessor

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

When the Company is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

NHS SHARED BUSINESS SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

1. ACCOUNTING POLICIES (CONTINUED)

1.7 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 probable 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 that 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 £72 thousand (2019: £72 thousand) and an increase to equity of £386 thousand (2019: £314 thousand).

1.8 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.

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.

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 amortisation is charged to administrative expenses in the Statement of Comprehensive Income.

The estimated useful lives range as follows:

Software development	-	3 to 10 years
Contracts	-	10 years

1.9 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.

NHS SHARED BUSINESS SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

1. ACCOUNTING POLICIES (CONTINUED)

1.9 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:

Leasehold property	-	Matched to length of property lease
Fixtures and fittings	-	20%, or matched to length of property lease
Computer and other equipment	-	20% to 33%, or matched to length of lease

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 profit or loss.

1.10 Impairment of fixed assets and goodwill

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

1.11 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.

1.12 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.

1.13 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:

NHS SHARED BUSINESS SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

1. ACCOUNTING POLICIES (CONTINUED)

1.13 Financial Instruments (continued)

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 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 of the contract, 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 assets are initially measured at fair value and are subsequently measured at either fair value or amortised cost, depending on the classification of the financial assets.

The Company recognises lifetime expected credit losses (ECL) for trade receivables and amounts due on contracts with customers. The expected credit losses on these financial assets are estimated based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

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.

Financial assets and financial liabilities are initially measured at fair value.

All recognised financial assets are subsequently measured in their entirety at either fair value or amortised cost, depending on the classification of the financial assets.

NHS SHARED BUSINESS SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

1. ACCOUNTING POLICIES (CONTINUED)

1.14 Foreign Currency Translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

1.15 Finance Costs

Finance costs are charged to profit or loss 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.

1.16 Dividends

Equity dividend distributions are recognised when they become legally payable. Interim distributions are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

1.17 Share-based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to profit or loss over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each Statement of Financial Position date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the Company keeping the scheme open or the employee maintaining any contributions required by the scheme).

NHS SHARED BUSINESS SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

1. ACCOUNTING POLICIES (CONTINUED)

1.18 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'.

1.19 Interest Income

Interest income is recognised in profit or loss using the effective interest method.

NHS SHARED BUSINESS SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

1. ACCOUNTING POLICIES (CONTINUED)

1.20 Provisions for Liabilities

Provisions are made where an event has taken place that gives the Company 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 profit or loss 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.

1.21 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss 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.

NHS SHARED BUSINESS SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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 judgments, 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 judgments 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.

Key sources of estimation uncertainty

Defined benefit pension plans

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 25.

Lease accounting

Lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Company, then the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

In determining the lease-term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease-term if the lease is reasonably certain to be extended (or not terminated).

The lease-term is reassessed if an option is actually exercised (or not exercised) or the Company becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

Key areas of judgment

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.

NHS SHARED BUSINESS SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

2. JUDGMENTS IN APPLYING ACCOUNTING POLICIES (CONTINUED)

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 15.

Provisions

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

3. TURNOVER

All turnover arose within the United Kingdom.

Revenue recognised in the reporting period that was included in the contract liability balance at the beginning of the period amounted to £2,982 thousand (2019: £1,466 thousand).

4. OPERATING PROFIT

The operating profit is stated after charging:

	2020 £000	2019 £000
Depreciation of tangible fixed assets	3,599	2,376
Amortisation of intangible assets	2,674	2,443
Exchange differences	15	-
Share-based payments	119	97

5. AUDITOR'S REMUNERATION

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

	2020 £000	2019 £000
Fees for the audit of the Company	74	72

NHS SHARED BUSINESS SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

6. EMPLOYEES

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

	2020 £000	2019 £000
Wages and salaries	31,048	29,188
Social security costs	2,898	2,812
Pension costs (Defined Benefit - see note 25)	1,978	1,994
Pension costs (Defined Contribution including the NHS Pension Scheme - see note 25)	2,213	2,196
	<u>38,137</u>	<u>36,190</u>

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

	2020 No.	2019 No.
Operations	755	840
Administration	120	104
Management	13	11
	<u>888</u>	<u>955</u>

7. DIRECTORS' REMUNERATION

	2020 £000	2019 £000
Directors' emoluments	<u>92</u>	<u>92</u>

During the year no retirement benefits were accrued to Directors (2019: none) in respect of defined contribution or defined benefit pension schemes.

D S Ahluwalia, J N M Neilson 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.

NHS SHARED BUSINESS SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

8. INTEREST RECEIVABLE AND SIMILAR INCOME

	2020 £000	2019 £000
Bank interest receivable	193	316
Other interest receivable	-	10
	<u>193</u>	<u>326</u>

9. INTEREST PAYABLE AND SIMILAR EXPENSES

	2020 £000	2019 £000
Group charges payable	46	46
Interest on lease liabilities	122	182
Other interest payable	1	4
	<u>169</u>	<u>232</u>

£46 thousand of group interest charges payable were misclassified as bank interest payable in 2019 and are corrected above.

10. OTHER FINANCE EXPENSES

	2020 £000	2019 £000
Interest income on pension scheme assets	960	1,170
Interest on defined benefit obligation	(1,111)	(1,271)
	<u>(151)</u>	<u>(101)</u>

NHS SHARED BUSINESS SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

11. TAXATION

	2020	2019
	£000	£000
CORPORATION TAX		
Current tax on profits for the year	1,768	1,831
Adjustments in respect of previous periods	(23)	(88)
TOTAL CURRENT TAX	1,745	1,743
DEFERRED TAX		
Deferred tax (credit) / charge - current year	(20)	24
Deferred tax (credit) / charge - prior year	(217)	70
TOTAL DEFERRED TAX	(237)	94
TAXATION ON PROFIT ON ORDINARY ACTIVITIES	1,508	1,837
FACTORS AFFECTING TAX CHARGE FOR THE YEAR		
The tax assessed for the year is lower than (2019: lower than) the standard rate of corporation tax in the UK of 19% (2019: 19%). The differences are explained below:		
	2020	2019
	£000	£000
Profit on ordinary activities before tax	9,391	9,718
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019: 19%)	1,784	1,846
EFFECTS OF:		
Expenses not deductible for tax purposes	25	28
SIP share deductions	(23)	(19)
Share-based payments	23	18
Other share deductions	-	(1)
Research and development claims	(61)	(13)
Rate differences regarding deferred tax	-	(4)
Adjustments to tax charge in respect of prior periods	(240)	(18)
TOTAL TAX CHARGE FOR THE YEAR	1,508	1,837

NHS SHARED BUSINESS SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

11. TAXATION (CONTINUED)

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

The 2020 Finance Act provides that the main rate of corporation tax will not fall to 17% as previously planned, but will remain at 19%. As this legislation had been substantively enacted at the end of the reporting period, the impact on the deferred tax balances carried forward has been included in these accounts.

12. DIVIDENDS

	2020	2019
	£000	£000
Dividends paid	4,000	4,000

Proposed dividend

In February 2021, the Directors resolved to pay a further dividend of £4 million, to be paid later in 2021.

13. GOODWILL

	2020
	£000
COST	
At 1 January 2020	716
AT 31 DECEMBER 2020	716
AMORTISATION	
At 1 January 2020	83
AT 31 DECEMBER 2020	83
NET BOOK VALUE	
AT 31 DECEMBER 2020	633
<i>At 31 December 2019</i>	633

NHS SHARED BUSINESS SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

14. OTHER INTANGIBLE ASSETS

	Software development £000	Contracts £000	Total £000
COST			
At 1 January 2020	37,121	975	38,096
Additions - internal	3,079	-	3,079
At 31 December 2020	<u>40,200</u>	<u>975</u>	<u>41,175</u>
AMORTISATION			
At 1 January 2020	31,177	447	31,624
Charge for the year on owned assets	2,577	97	2,674
At 31 December 2020	<u>33,754</u>	<u>544</u>	<u>34,298</u>
NET BOOK VALUE			
At 31 December 2020	<u>6,446</u>	<u>431</u>	<u>6,877</u>
At 31 December 2019	<u>5,944</u>	<u>528</u>	<u>6,472</u>

Included under Software development 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 2020 is £2,135 thousand (2019: £1,374 thousand).

NHS SHARED BUSINESS SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

15. PROPERTY, PLANT AND EQUIPMENT

	Right-of-use property £000	Right-of-use equipment £000	Fixtures and fittings £000	Computer equipment £000	Total £000
COST OR VALUATION					
At 1 January 2020	13,800	1,872	600	3,204	19,476
Additions	1,378	327	10	1,093	2,808
Disposals	-	-	-	(225)	(225)
At 31 December 2020	15,178	2,199	610	4,072	22,059
DEPRECIATION					
At 1 January 2020	9,724	1,029	519	2,479	13,751
Charge for the year on owned assets	-	-	64	604	668
Charge for the year on right- of-use assets	2,623	308	-	-	2,931
Disposals	-	-	-	(37)	(37)
Impairment losses charged to profit or loss	162	-	-	-	162
At 31 December 2020	12,509	1,337	583	3,046	17,475
NET BOOK VALUE					
At 31 December 2020	2,669	862	27	1,026	4,584
At 31 December 2019	4,076	843	81	725	5,725

The net book value of owned and leased assets included as "Tangible fixed assets" in the Statement of Financial Position is as follows:

	2020 £000	2019 £000
Tangible fixed assets owned	1,053	806
Right-of-use tangible fixed assets	3,531	4,919
	4,584	5,725

NHS SHARED BUSINESS SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

15. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Information about right-of-use assets is summarised below:

Net book value

	2020	2019
	£000	£000
Property	2,669	4,076
Computer and other equipment	862	843
	3,531	4,919

Additions to right-of-use assets

	2020	2019
	£000	£000
Additions to right-of-use assets	1,705	978

Depreciation charge for the year ended

	2020	2019
	£000	£000
Property	2,623	1,441
Computer and other equipment	308	286
	2,931	1,727

NHS SHARED BUSINESS SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

16. FIXED ASSET INVESTMENTS

	Investments in other companies £000
COST	
At 1 January 2020	1
At 31 December 2020	<u>1</u>

17. DEBTORS

	2020 £000	2019 £000
DUE AFTER MORE THAN ONE YEAR		
Other debtors	3,835	3,638
Deferred tax asset	3,115	1,857
	<u>6,950</u>	<u>5,495</u>
DUE WITHIN ONE YEAR		
Trade receivables	4,995	4,389
Amounts owed by group undertakings	63	6
Other debtors	539	463
Prepayments and accrued income	4,530	4,627
Contract assets	29	36
Tax recoverable	914	-
Amounts recoverable on long-term contracts	3,175	656
	<u>21,195</u>	<u>15,672</u>

The Company's contract assets represent balances where enforceable right to consideration requires more than just the passage of time or administrative effort. Where a right to consideration exists, but the billing schedule leads to revenue in advance of invoicing, the Company shows such balances as accrued income.

Amounts recoverable on long-term contracts represent cost deferred in accordance with IFRS 15, where the related performance obligation is incomplete.

The 2019 comparative above has been amended to show the correct split of debtors due after one year.

NHS SHARED BUSINESS SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

18. CREDITORS: Amounts falling due within one year

	2020	2019
	£000	£000
Bank overdrafts	-	133
Loans from related parties	535	149
Trade creditors	551	267
Amounts owed to group undertakings	2,030	1,411
Corporation tax	-	666
Other taxation and social security	923	968
Lease liabilities	1,734	1,648
Other creditors	2,967	856
Accruals	4,250	4,032
Deferred income	5,085	5,054
	18,075	15,184

The loan from a related party is non-interest bearing.

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

	2020	2019
	£000	£000
Loans from related parties	3,912	4,135
Lease liabilities	2,004	3,461
	5,916	7,596

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.

NHS SHARED BUSINESS SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

20. DEFERRED TAXATION

	Accelerated capital allowances £000	Short-term timing differences £000	Pension deficit £000	Total £000
Deferred tax asset				
As at 1 January 2019	806	(213)	762	1,355
Credited / (charged) to profit or loss	(184)	63	27	(94)
Credited to Other Comprehensive Income	-	-	623	623
Reclassified to current tax	-	-	(27)	(27)
Other adjustments	(1)	-	1	-
As at 31 December 2019	621	(150)	1,386	1,857

	Accelerated capital allowances £000	Short-term timing differences £000	Pension deficit £000	Total £000
Deferred tax asset				
As at 1 January 2020	621	(150)	1,386	1,857
Credited to profit or loss	139	98	-	237
Credited to Other Comprehensive Income	-	-	859	859
Reclassified to current tax	-	-	-	-
Effect of change in tax rate in Other Comprehensive Income	-	-	163	163
Other adjustments	(1)	-	-	(1)
As at 31 December 2020	759	(52)	2,408	3,115

NHS SHARED BUSINESS SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

21. LEASES

Company as a lessee

The Company leases its property requirements and certain equipment where there are cash flow, financing or risk benefits from doing so.

Lease liabilities are due as follows:

	2020	2019
	£000	£000
Not later than one year	1,734	1,648
Between one year and five years	1,762	3,080
Later than five years	242	381
	<u>3,738</u>	<u>5,109</u>

Contractual undiscounted cash flows are due as follows:

	2020	2019
	£000	£000
Not later than one year	1,819	1,830
Between one year and five years	1,967	3,296
Later than five years	294	495
	<u>4,080</u>	<u>5,621</u>

Cash flow projections received by The Board ahead of Board meetings indicate that the Company is expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances.

The following amounts in respect of leases, where the Company is a lessee, have been recognised in the year:

	2020	2019
	£000	£000
Interest on lease liabilities (IFRS 16)	122	182
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	1	1
Cash outflow for leases	<u>2,130</u>	<u>1,891</u>

NHS SHARED BUSINESS SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

22. PROVISIONS

	Losses on contracts £000	Other provisions £000	Dilapidation provisions £000	Total £000
At 1 January 2020	57	39	1,345	1,441
Charged to profit or loss	-	727	81	808
Utilised in year	(57)	-	-	(57)
AT 31 DECEMBER 2020	-	766	1,426	2,192

The losses on contracts related to trade purchased from a third party and have now been fully utilised.

Other provisions relates to potential liabilities in respect of employment legislation and restructuring expenses expected to be used over the next two years.

The dilapidation provision covers the estimated costs of returning 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 2027.

23. SHARE CAPITAL

	2020 £000	2019 £000
Authorised		
12,000 (2019:12,000) Ordinary shares of £1 each	12	12
Allotted, called up and fully paid		
11,001 (2019:11,001) Ordinary shares of £1 each	11	11

The Company has one class of ordinary shares, each of which ranks pari passu.

24. CAPITAL COMMITMENTS

At 31 December 2020 the Company had capital commitments as follows:

	2020 £000	2019 £000
Contracted for but not provided in these financial statements	4	365

NHS SHARED BUSINESS SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

25. 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 or another defined benefit scheme.

As at 31 December 2020, the amount outstanding in respect of the Company's contribution to the scheme was £180,873 (2019: £153,768). The contributions made in respect of the year ended 31 December 2020 totalled £2,013,514 (2019: £1,889,423).

The Company operates a Defined Benefit Pension Scheme (the Federated Pension Plan).

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 1.18. 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 2019 which showed assets of £42,389,000 representing 88% of the plan's obligations. On the basis of that valuation, the monthly deficit repair contributions included in the schedule of contributions was agreed with the trustees to increase to £58,334.

As at 31 December 2020, the amount outstanding in respect of the Company's contribution to the Federated Pension Plan was £210,390 (2019: £146,177). The contributions made in respect of the year ended 31 December 2020 totalled £2,219,000 (2019: £1,927,000).

In addition, the Company makes contributions to the NHS Pension Scheme, a defined benefit pension scheme operated by the Government. The assets and liabilities of this scheme are not controlled by the Company, consequently the Company treats this as a defined contribution scheme and contributions are charged to the Income Statement as they become payable.

As at 31 December 2020, the amount outstanding in respect of the Company's contribution to the scheme was £19,048 (2019: £24,139). The contributions paid or payable in respect of the year ended 31 December 2020 to the NHS Pension Scheme totalled £199,471 (2019: £306,481).

Through its defined benefit pension plan, the Company is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility: The plan liabilities are calculated using a discount rate set with reference to corporate bond yields; if plan assets underperform this yield, this will create a deficit. The plan holds a significant proportion of equities, which are expected to outperform corporate bonds in the long-term while providing volatility and risk in the short-term.

Interest risk: A decrease in the bond interest rate will increase the plan liability.

Life expectancy: The majority of the plan's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plan's liabilities.

NHS SHARED BUSINESS SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

25. PENSION COMMITMENTS (CONTINUED)

Composition of plan liabilities:

	2020 £000	2019 £000
Active	34,708	36,763
Vested deferred	17,425	11,568
Retired	11,430	5,678
TOTAL PLAN LIABILITIES	63,563	54,009

Composition of plan assets:

	2020 £000	2019 £000
Equities	33,777	30,399
Government bonds	16,888	15,199
Cash	223	257
TOTAL PLAN ASSETS	50,888	45,855

	2020 £000	2019 £000
Fair value of plan assets	50,888	45,855
Present value of plan liabilities	(63,563)	(54,009)
NET PENSION SCHEME LIABILITY	(12,675)	(8,154)

NHS SHARED BUSINESS SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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25. PENSION COMMITMENTS (CONTINUED)

The amounts recognised in profit or loss are as follows:

	2020 £000	2019 £000
Current service cost	(1,978)	(1,994)
Interest on obligation	(1,111)	(1,271)
Interest income on plan assets	960	1,170
TOTAL	(2,129)	(2,095)
Return on plan assets excluding interest income	2,766	4,646
Effect of changes in financial assumptions	(10,136)	(8,593)
Effect of experience adjustments	3,097	214
Effect of changes in demographic assumptions	(59)	383
Administrative expenses paid from plan assets	(279)	(153)
	(4,611)	(3,503)

Reconciliation of fair value of plan obligations were as follows:

	2020 £000	2019 £000
Opening defined benefit obligation	(54,009)	(44,329)
Current service cost	(1,978)	(1,994)
Interest on obligation	(1,111)	(1,271)
Effect of changes in financial assumptions	(10,136)	(8,593)
Effect of experience adjustments	3,097	214
Effect of changes in demographic assumptions	(59)	383
Benefits payments from plan assets	633	1,581
CLOSING DEFINED BENEFIT OBLIGATION	(63,563)	(54,009)

NHS SHARED BUSINESS SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

25. PENSION COMMITMENTS (CONTINUED)

Reconciliation of fair value of plan assets were as follows:

	2020 £000	2019 £000
Opening fair value of scheme assets	45,855	39,846
Interest income on plan assets	960	1,170
Contributions by employer	2,219	1,927
Return on plan assets excluding interest income	2,766	4,646
Actuarial loss - change in financial assumptions	(279)	(153)
Benefit payments from plan assets	(633)	(1,581)
	<u>50,888</u>	<u>45,855</u>

The Company expects to contribute £2.6 million to its Defined Benefit Pension Scheme (the Federated Pension Plan) in 2021.

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

	2020 %	2019 %
Discount rate	1.41	2.07
Future salary increases	2.89	2.92
RPI price inflation rate	2.89	2.92
Pensions-in-payment increase rate	2.11	2.05
Mortality rates: Assumed life expectancy on retirement at age 65		
- for a male aged 65 now	21.7 years	21.8 years
- at 65 for a male aged 45 now	23.1 years	23.2 years
- for a female aged 65 now	24 years	23.7 years
- at 65 for a female member aged 45 now	<u>25.5 years</u>	<u>25.2 years</u>

NHS SHARED BUSINESS SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

25. PENSION COMMITMENTS (CONTINUED)

The mortality assumption is based on the S3P generational base tables (2019: S2P tables) with scaling of 105% for males (2019: 100%) and 105% for females (2019: 100%). Future improvements to life expectancy are based on the CMI 2019 projection model (2019: CMI 2018 model) with a 1.25% long-term improvement rate (2019: 1.25%).

The estimated weighted average duration of the defined benefit obligation is 25.9 years (2019: 25.4 years).

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 £000	0.25% percentage point decrease £000
Discount rate: Effect on defined benefit obligation: (Reduction) / increase	(3,882)	4,195
Inflation rate: Effect on defined benefit obligation: Increase / (reduction)	3,985	(3,299)

26. 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) Sopra Steria Matching and Partnership Shares (SIP)

The current SIP was introduced in March 2016. For the year ended 31 December 2020, the Company set a matching level of one matching share for every one partnership shares purchased.

(b) Sopra 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.

NHS SHARED BUSINESS SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

27. RELATED PARTY TRANSACTIONS

During the year the Company entered into transactions, in the ordinary course of business, with related parties. Transactions entered into, and trading balances outstanding as at 31 December are detailed below:

	Sales to £000	Purchases from £000	Amounts owing by £000	Amounts owing to £000
Department of Health	2,282	14	936	4,447
Royal Marsden NHS Foundation Trust	751	-	-	-
Sopra Steria Limited	398	17,370	63	2,030
NHS Property Services	116	-	-	-
	<u>3,547</u>	<u>17,384</u>	<u>999</u>	<u>6,477</u>

The comparative figures for the year ended 31 December 2019 were:

	Sales to £000	Purchases from £000	Amounts owing by £000	Amounts owing to £000
Department of Health	1,495	16	1	4,284
Royal Marsden NHS Foundation Trust	761	-	11	-
Sopra Steria Limited	231	13,796	6	1,411
NHS Property Services	460	-	77	-
	<u>2,947</u>	<u>13,812</u>	<u>95</u>	<u>5,695</u>

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

B M P Masterson is a Director of the Company. He is also a Director of NHS Property Services resulting in them being a related party.

28. EVENTS AFTER THE REPORTING PERIOD

Subsequent to the end of the reporting period, the Government has announced that it intends to increase the rate of corporation from 19% to 25% with effect from 1 April 2023. As this increase had not been substantially enacted as at the end of the reporting period, the change has not been taken into account in these financial statements. The adjustment is expected to lead to an increase in deferred tax assets and equity of approximately £760 thousand.

NHS SHARED BUSINESS SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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29. 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.