

Company Registration No. 05420948 (England and Wales)

**EURISTIX LIMITED**  
**ANNUAL REPORT AND UNAUDITED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**



# EURISTIX LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	S J S Mayall on behalf of Capita Corporate Director Limited	
	A J Bowman	(Appointed 15 March 2019)
	A Linter	(Appointed 15 March 2019)
<b>Secretary</b>	Capita Group Secretary Limited	
<b>Company number</b>	05420948	
<b>Registered office</b>	30 Berners Street	
	London	
	England	
	WIT 3LR	

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# EURISTIX LIMITED

## CONTENTS

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	Page
Strategic report	1
Directors' report	2 - 3
Income statement	4
Balance sheet	5 - 6
Statement of changes in equity	7
Notes to the financial statements	8 - 21

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# EURISTIX LIMITED

## STRATEGIC REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2018

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

#### Review of the business

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

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

As shown in the Company's income statement on page 4, revenue has decreased from £1,847,159 (unaudited) in 2017 to £850,756 (unaudited) in 2018, while the operating profit has increased from £36,425 (unaudited) to £66,152 (unaudited) over the same period.

The balance sheet on page 5 and 6 of the financial statements shows the Company's financial position at the year end. Net assets have decreased from £3,419,931 (unaudited) in 2017 to £3,414,752 (unaudited) in 2018. Details of amounts owed by/ to its parent company and fellow subsidiary undertakings are shown in notes 7 and 8 to the financial statements.

Key performance indicators used by the Company are operating margins, free cash flow, capital expenditure and return on capital employed. Capita plc and its subsidiaries manage their operations on a divisional basis and as a consequence, some of these indicators are monitored only at a divisional level. The performance of the Specialist Services division of Capita plc is discussed in the Group's annual report which does not form part of this report.

#### Principal risks and uncertainties

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

The principal themes of risk for the Company are:

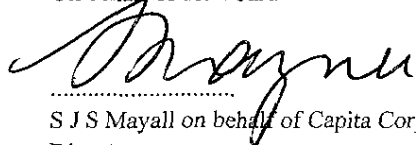
- *Strategic*: changes in economic and market conditions such as contract pricing and competition.
- *Financial*: significant failures in internal systems of control and lack of corporate stability.
- *Operational*: including recruitment and retention of staff, maintenance of reputation and strong supplier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

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

- Regularly reviewing trading conditions to be able to respond quickly to changes in market conditions.
- Applying procedures and controls to manage compliance, financial and operational risks, including adhering to an internal control framework.

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

On behalf of the Board



S J S Mayall on behalf of Capita Corporate Director Limited

Director

20/09/2019

# EURISTIX LIMITED

## DIRECTORS' REPORT

### *FOR THE YEAR ENDED 31 DECEMBER 2018*

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

#### **Results and dividends**

The results for the year are set out on page 4.

No interim or final dividend was paid during the year (2017: £nil).

#### **Environment**

Capita plc recognises the importance of its environmental responsibilities, monitors its impact on the environment, and designs and implements policies to reduce any damage that might be caused by the Group's activities. The Company operates in accordance with group policies, which are described in the Group's annual report which does not form part of this report. Initiatives designed to minimise the Company's impact on the environment include safe disposal of waste, recycling and reducing energy consumption.

#### **Employees**

Details of the number of employees and related costs be found in note 13 to the financial statements.

#### **Directors**

The following Directors, have held office since 1 January 2018:

S J S Mayall on behalf of Capita Corporate Director Limited

R J Clegg

(Resigned 15 March 2019)

M Rich

(Resigned 10 August 2018)

N N Bedford

(Resigned 28 June 2018)

C S Ashburn

(Appointed 30 July 2018 and resigned 15 March 2019)

A P Brown

(Appointed 13 August 2018 and resigned 15 March 2019)

A J Bowman

(Appointed 15 March 2019)

A Linter

(Appointed 15 March 2019)

#### **Political donations**

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

# EURISTIX LIMITED

## DIRECTORS' REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 DECEMBER 2018**

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### Statement of Directors' responsibilities in respect of the Strategic report, Directors' report and financial statements

The Directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires, the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

### Qualifying third party indemnity provisions

The Company has granted an indemnity to the Directors of the Company against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the Directors' report.

On behalf of the Board



S J S Mayall on behalf of Capita Corporate Director Limited

Director

Date: 20/09/2019

# EURISTIX LIMITED

## INCOME STATEMENT

**FOR THE YEAR ENDED 31 DECEMBER 2018**

	Notes	Unaudited 2018 £	Unaudited 2017 £
Revenue		850,756	1,847,159
Cost of sales		(648,634)	(1,284,525)
<b>Gross profit</b>		<b>202,122</b>	<b>562,634</b>
Administrative expenses		(135,970)	(526,209)
<b>Operating profit</b>	<b>4</b>	<b>66,152</b>	<b>36,425</b>
Income tax expense	<b>5</b>	(71,331)	(6,507)
<b>Total comprehensive (expense)/income for the year</b>		<b>(5,179)</b>	<b>29,918</b>

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

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

The accompanying notes and information on pages 8 to 21 form an integral part of these financial statements.

# EURISTIX LIMITED

## BALANCE SHEET

AS AT 31 DECEMBER 2018

	Notes	Unaudited 2018 £	Unaudited 2017 £
<b>Non-current assets</b>			
Property, plant and equipment	6	11,812	23,918
Deferred tax	5	8,797	6,737
		<u>20,609</u>	<u>30,655</u>
<b>Current assets</b>			
Trade and other receivables	7	3,652,255	3,650,088
Income tax receivable		-	480,216
		<u>3,652,255</u>	<u>4,130,304</u>
<b>Total assets</b>		<u><u>3,672,864</u></u>	<u><u>4,160,959</u></u>
<b>Current liabilities</b>			
Trade and other payables	8	129,779	136,483
Financial liabilities	9	110,886	604,545
Income tax payable		17,447	-
		<u>258,112</u>	<u>741,028</u>
<b>Total liabilities</b>		<u>258,112</u>	<u>741,028</u>
<b>Net assets</b>		<u><u>3,414,752</u></u>	<u><u>3,419,931</u></u>



# EURISTIX LIMITED

## BALANCE SHEET (CONTINUED)

AS AT 31 DECEMBER 2018

	Notes	Unaudited 2018 £	Unaudited 2017 £
<b>Capital and reserves</b>			
Issued share capital	10	100	100
Retained earnings		3,414,652	3,419,831
<b>Total equity</b>		<b>3,414,752</b>	<b>3,419,931</b>

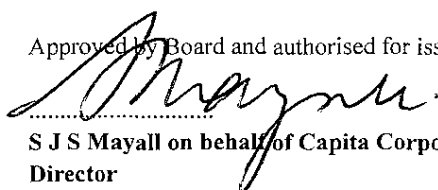
The accompanying notes and information on pages 8 to 21 form an integral part of these financial statements.

### Audit exemption statement

For the year ended 31 December 2018, the Company was entitled to exemption under section 479A of the Companies Act 2006 relating to subsidiary companies. No members have required the Company to obtain an audit of its accounts for the year in question in accordance with section 476 of the Companies Act 2006.

The Directors acknowledge their responsibility for complying with the requirement of the Act with respect to accounting records and for the preparation of accounts. These accounts have been prepared in accordance with the provision applicable to companies subject to the small companies regime.

Approved by Board and authorised for issue on 20/09/2019



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

Company Registration No. 05420948

# EURISTIX LIMITED

## STATEMENT OF CHANGES IN EQUITY

**FOR THE YEAR ENDED 31 DECEMBER 2018**

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	Share capital	Retained earnings	Total equity
	£	£	£
At 1 January 2017 - unaudited	100	3,389,913	3,390,013
Total comprehensive income for the year - unaudited	-	29,918	29,918
	<hr/>	<hr/>	<hr/>
At 31 December 2017 - unaudited	100	3,419,831	3,419,931
	<hr/>	<hr/>	<hr/>
Total comprehensive expense for the year	-	(5,179)	(5,179)
	<hr/>	<hr/>	<hr/>
At 31 December 2018 - unaudited	100	3,414,652	3,414,752
	<hr/>	<hr/>	<hr/>

The accompanying notes and information on pages 8 to 21 form an integral part of these financial statements.

### Share capital

The balance classified as share capital is the nominal proceeds on issue of the Company's equity share capital, comprising £1 ordinary shares.

### Retained earnings

Net profits/losses kept to accumulate in the Company after dividends are paid and retained in the business as working capital.

# EURISTIX LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2018

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#### 1 Accounting policies

##### 1.1 Basis of preparation

Euristix Limited is a company incorporated and domiciled in the United Kingdom.

The financial statements are prepared under the historical cost basis except where stated otherwise and in accordance with applicable accounting standards.

The Company has sufficient financial resources together with long standing relationships with clients and suppliers. As a consequence, the Directors believe that the Company is well placed to manage its business risks successfully. After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

##### 1.2 Compliance with accounting standards

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

The Company's ultimate parent undertaking, Capita plc, includes the Company in its consolidated statements. The consolidated financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU (EU-IFRS) and are available to the public and may be obtained from Capita plc's website on <http://investors.capita.com>.

In these financial statements, the Company has applied the disclosure exemptions available under FRS 101 in respect of the following disclosures:

- A cash flow statement and related notes;
- Comparative period reconciliations for share capital, tangible fixed assets and intangible assets;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- Certain disclosures as required by IFRS 15; and
- Disclosures in respect of the compensation of key management personnel.

As the consolidated financial statements of Capita plc include equivalent disclosures, the Company has also taken the disclosure exemptions under FRS 101 available in respect of the following disclosure:

- Certain disclosures required by IFRS 2 Share Based Payments in respect of Group settled share based payments;
- Certain disclosures required by IAS 36 Impairments of assets in respect of the impairment of goodwill and indefinite life intangible assets;
- Certain disclosures required by IFRS 3 Business Combinations in respect of business combinations undertaken by the Company, in the current and prior periods including the comparative period reconciliation for goodwill; and
- Disclosures required by IFRS 7 Financial Instrument Disclosures.

# EURISTIX LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2018

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#### 1 Accounting policies

(Continued)

##### 1.3 Changes in accounting policies

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

##### *Initial adoption of IFRS 9: Financial Instruments*

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

The Company has performed an assessment to understand the requirements of IFRS 9 and how these differ from IAS 39 and has concluded there is no significant impact on the financial statements from the date of adoption. There were no differences between previous carrying amounts and consequently no adjustment has been made to opening retained earnings. The updated account policy is set out in 1.10.

##### *Annual improvements to IFRS Standards 2014–2016 Cycle*

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

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

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

# EURISTIX LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2018

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#### 1 Accounting policies

(Continued)

##### 1.4 Revenue recognition

Revenue is earned within the United Kingdom.

The revenue and profits recognised in any period are based on the delivery of performance obligations and an assessment of when control is transferred to the customer.

In determining the amount of revenue and profits to record, and related balance sheet items (such as contract fulfilment assets, capitalisation of costs to obtain a contract, trade receivables, accrued income and deferred income) to recognise in the period, management is required to form a number of key judgements and assumptions. This includes an assessment of the costs the Company incurs to deliver the contractual commitments and whether such costs should be expensed as incurred or capitalised. These judgements are inherently subjective and may cover future events such as the achievement of contractual milestones, performance KPIs and planned cost savings. In addition, key assumptions are made concerning contract extensions and amendments, as well as opportunities to use the contract developed systems and technologies on other similar projects.

Revenue is recognised either when the performance obligation in the contract has been performed (so 'point in time' recognition) or 'over time' as control of the performance obligation is transferred to the customer.

The Company determines if the arrangement with a customer creates enforceable rights and obligations.

The Company enters into contracts which contain extension periods, where either the customer or both parties can choose to extend the contract or there is an automatic annual renewal, and/or termination clauses that could impact the actual duration of the contract. Judgement is applied to assess the impact that these clauses have when determining the appropriate contract term. The term of the contract impacts both the period over which revenue from performance obligations may be recognised and the period over which contract fulfilment assets and capitalised costs to obtain a contract are expensed.

For contracts with multiple components to be delivered such as transformation, transitions and the delivery of outsourced services, management applies judgement to consider whether those promised goods and services are (i) distinct - to be accounted for as separate performance obligations; (ii) not distinct - to be combined with other promised goods or services until a bundle is identified that is distinct or (iii) part of a series of distinct goods and services that are substantially the same and have the same pattern of transfer to the customer.

At contract inception, the total transaction price is estimated, being the amount to which the Company expects to be entitled and has rights to under the present contract. This includes an assessment of any variable consideration where the Company's performance may result in additional revenues based on the achievement of agreed KPIs. Such amounts are only included based on the expected value or the most likely outcome method, and only to the extent that it is highly probable that no revenue reversal will occur.

The transaction price does not include estimates of consideration resulting from change orders for additional goods and services unless these are agreed.

Once the total transaction price is determined, the Company allocates this to the identified performance obligations in proportion to their relative stand-alone selling prices and recognises revenue when (or as) those performance obligations are satisfied. The Company infrequently sells standard products with observable standalone prices due to the specialised services required by customers and therefore the Company applies judgement to determine an appropriate standalone selling price. More frequently, the Company sells a customer bespoke solution, and in these cases the Company typically uses the expected cost-plus margin or a contractually stated price approach to estimate the standalone selling price of each performance obligation.

# EURISTIX LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2018

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#### 1 Accounting policies

(Continued)

##### 1.4 Revenue recognition (continued)

The Company may offer price step downs during the life of a contract, but with no change to the underlying scope of services to be delivered. In general, any such variable consideration, price step down or discount is included in the total transaction price to be allocated across all performance obligations unless it relates to only one performance obligation in the contract.

For each performance obligation, the Company determines if revenue will be recognised over time or at a point in time. Where the Company recognises revenue over time for long term contracts, this is in general due to the Company performing and the customer simultaneously receiving and consuming the benefits provided over the life of the contract.

For each performance obligation to be recognised over time, the Company applies a revenue recognition method that faithfully depicts the Company's performance in transferring control of the goods or services to the customer. This decision requires assessment of the real nature of the goods or services that the Company has promised to transfer to the customer. The Company applies the relevant output or input method consistently to similar performance obligations in other contracts.

When using the output method, the Company recognises revenue on the basis of direct measurements of the value to the customer of the goods and services transferred to date relative to the remaining goods and services under the contract. Where the output method is used, for long term service contracts where the series guidance is applied (see below for further details), the Company often uses a method of time elapsed which requires minimal estimation. Certain long-term contracts use output methods based upon estimation of number of users, level of service activity or fees collected.

If performance obligations in a contract do not meet the overtime criteria, the Company recognises revenue at a point in time (see below for further details).

The Company disaggregates revenue from contracts with customers by contract type, as management believe this best depicts how the nature, amount, timing and uncertainty of the Company's revenue and cash flows are affected by economic factors. Categories are 'long-term contractual'- greater than two years; and 'short-term contractual' - less than two years based from service commencement date.

#### *Long term contractual - greater than two years*

The Company provides a range of services in various segments under customer contracts with a duration of more than two years.

The nature of contracts or performance obligations categorised within this revenue type is diverse and includes (i) long term outsourced service arrangements in the public and private sectors; and (ii) active software licence arrangements (see definition below).

The Company considers that the services provided meet the definition of a series of distinct goods and services as they are (i) substantially the same and (ii) have the same pattern of transfer (as the series constitutes services provided in distinct time increments (e.g., daily, monthly, quarterly or annual services)) and therefore treats the series as one performance obligation. Even if the underlying activities performed by the Company to satisfy a promise vary significantly throughout the day and from day to day, that fact, by itself, does not mean the distinct goods or services are not substantially the same.

For the majority of long service contracts with customers in this category, the Company recognises revenue using the output method as it best reflects the nature in which the Company is transferring control of the goods or services to the customer.

# EURISTIX LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2018

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#### 1 Accounting policies

(Continued)

##### 1.4 Revenue recognition (continued)

Active software licences are those where the Company has a continuing involvement after the sale or transfer of control to the customer, which significantly affects the intellectual property to which the customer has rights. The Company is in a majority of cases responsible for any maintenance, continuing support, updates and upgrades and accordingly the sale of the initial software is not distinct. The Company's accounting policy for licences is discussed in more detail below.

##### *Short term contractual - less than two years*

The nature of contracts or performance obligations categorised within this revenue type is diverse and includes (i) short term outsourced service arrangements in the public and private sectors; and (ii) software maintenance contracts.

The Company has assessed that maintenance and support (i.e. on-call support, remote support) for software licences is a performance obligation that can be considered capable of being distinct and separately identifiable in a contract if the customer has a passive licence. These recurring services are substantially the same as the nature of the promise is for the Company to 'stand ready' to perform maintenance and support when required by the customer. Each day of standing ready is then distinct from each following day and is transferred in the same pattern to the customer.

##### *Transactional (Point in time) contracts*

The Company delivers a range of goods or services in all reportable segments that are transactional services for which revenue is recognised at the point in time when control of the goods or services has transferred to the customer. This may be at the point of physical delivery of goods and acceptance by a customer or when the customer obtains control of an asset or service in a contract with customer-specified acceptance criteria.

The nature of contracts or performance obligations categorised within this revenue type is diverse and includes (i) provision of IT hardware goods; (ii) passive software licence agreements; (iii) commission received as agent from the sale of third party software; and (iv) fees received in relation to delivery of professional services.

Passive software licences are licences which have significant stand-alone functionality and the contract does not require, and the customer does not reasonably expect, the Company to undertake activities that significantly affect the licence. Any ongoing maintenance or support services for passive licences are likely to be separate performance obligations. The Company's accounting policy for licences is discussed in more detail below.

##### *Contract modifications*

The Company's contracts are often amended for changes in contract specifications and requirements. Contract modifications exist when the amendment either creates new or changes the existing enforceable rights and obligations.

The effect of a contract modification on the transaction price and the Company's measure of progress for the performance obligation to which it relates, is recognised as an adjustment to revenue in one of the following ways:

- a. prospectively as an additional separate contract;
- b. prospectively as a termination of the existing contract and creation of a new contract;
- c. as part of the original contract using a cumulative catch up; or
- d. as a combination of (b) and (c).

# EURISTIX LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2018

#### 1 Accounting policies

(Continued)

##### 1.4 Revenue recognition (continued)

For contracts for which the Company has decided there is a series of distinct goods and services that are substantially the same and have the same pattern of transfer where revenue is recognised over time, the modification will always be treated under either (a) or (b). (d) may arise when a contract has a part termination and a modification of the remaining performance obligations.

The facts and circumstances of any contract modification are considered individually as the types of modifications will vary contract by contract and may result in different accounting outcomes.

Judgement is applied in relation to the accounting for such modifications where the final terms or legal contracts have not been agreed prior to the period end as management need to determine if a modification has been approved and if it either creates new or changes existing enforceable rights and obligations of the parties. Depending upon the outcome of such negotiations, the timing and amount of revenue recognised may be different in the relevant accounting periods. Modification and amendments to contracts are undertaken via an agreed formal process. For example, if a change in scope has been approved but the corresponding change in price is still being negotiated, management use their judgement to estimate the change to the total transaction price. Importantly any variable consideration is only recognised to the extent that it is highly probable that no revenue reversal will occur.

##### *Contract related assets and liabilities*

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

- Property, plant and equipment
- Contract assets derived from costs to obtain a contract
- Trade receivables
- Accrued income
- Deferred income

##### *Deferred and accrued income*

The Company's customer contracts include a diverse range of payment schedules dependent upon the nature and type of goods and services being provided. The Company often agrees payment schedules at the inception of long term contracts under which it receives payments throughout the term of the contracts. These payment schedules may include performance-based payments or progress payments as well as regular monthly or quarterly payments for ongoing service delivery. Payments for transactional goods and services may be at delivery date, in arrears or part payment in advance.

Where payments made are greater than the revenue recognised at the period end date, the Company recognises a deferred income contract liability for this difference. Where payments made are less than the revenue recognised at the period end date, the Company recognises an accrued income contract asset for this difference.

##### 1.5 Property, plant and equipment

Property, plant and equipment are stated at cost less depreciation. Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following basis:

Fixtures, fittings and equipment	5 years
Computer equipment	3 years



# EURISTIX LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2018

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#### 1 Accounting policies

(Continued)

##### 1.6 Leasing

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

##### 1.7 Taxation

Tax expense recognised in the income statement for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

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

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements at the balance sheet date.

Deferred tax liabilities are recognised for all taxable temporary differences, except where:

- The deferred tax liability arises from the initial recognition of goodwill;
- The deferred tax liability arises from the initial recognition of an asset or a liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

In respect of taxable temporary differences associated with investments in subsidiaries, except where the timing of the reversal or the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax losses can be utilized, except where the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

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

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities when the assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

##### 1.8 Foreign currency translation

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

# EURISTIX LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2018

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#### 1 Accounting policies

(Continued)

##### 1.9 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when recovery is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

##### 1.10 Financial instruments

###### Investments and other financial assets

###### *Classification*

Applicable from 1 January 2018, the Company classifies its financial assets in the following measurement categories:

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

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

###### *Recognition and derecognition*

Regular way purchases and sales of financial assets are recognised on trade date (that is, the date on which the Company commits to purchase or sell the asset). Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

###### *Measurement*

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

###### *Impairment*

From 1 January 2018, the Company assesses, on a forward-looking basis, the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Company applies the simplified approach permitted by IFRS 9, resulting in trade receivables recognised and carried at original invoice amount less an allowance for any uncollectible amounts based on expected credit losses.

# EURISTIX LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2018

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#### 1 Accounting policies

(Continued)

##### 1.10 Financial instruments (continued)

###### *Accounting policies applied until 31 December 2017*

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

Trade and other receivables - Trade receivables are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when identified.

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

###### *Trade and other receivables*

The Company assesses on a forward-looking basis the expected credit losses associated with its receivables carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Company applies the simplified approach permitted by IFRS 9, resulting in trade receivables recognised and carried at original invoice amount less an allowance for any uncollectible amounts based on expected credit losses.

###### *Cash and cash equivalents*

Cash and short-term deposits in the balance sheet comprise cash at bank and in hand and short-term deposits with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts are shown within current financial liabilities.

###### *Trade and other payables*

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

#### 2 Significant accounting judgements, estimates and assumptions

The preparation of financial statements in conformity with generally accepted accounting principles requires the Directors to make judgements and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingencies at the date of the financial statements and the reported income and expense during the reported periods. Although these judgements and assumptions are based on the Directors' best knowledge of the amount, events or actions, actual results may differ from these estimates.

The key sources of estimation uncertainty that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are the measurement and impairment of goodwill, the measurement of defined benefit obligations, provisions, revenue and profit recognition on certain contractual arrangements.

The measurement of provisions reflects management's assessment of the probable outflow of economic benefits resulting from an existing obligation. Provisions are calculated on a case by case basis and involve judgement as regards the final timing and quantum of any financial outlay.

# EURISTIX LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED 31 DECEMBER 2018**

### 3 Revenue

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

### 4 Operating profit

	Unaudited 2018 £	Unaudited 2017 £
<b>Operating profit for the year is stated after charging:</b>		
Foreign exchange differences (net)	-	730
Depreciation of property, plant and equipment	12,106	16,423
Operating lease rentals - plant and machinery	8,553	8,241

### 5 Income tax

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

	Unaudited 2018 £	Unaudited 2017 £
<b>Current tax</b>		
UK corporation tax	12,238	2,524
Adjustments in respect of prior periods	61,153	-
	<u>73,391</u>	<u>2,524</u>
<b>Deferred tax</b>		
Origination and reversal of temporary differences	312	3,983
Adjustments in respect of prior periods	(2,372)	-
	<u>(2,060)</u>	<u>3,983</u>
<b>Total tax charge reported in the income statement</b>	<u><u>71,331</u></u>	<u><u>6,507</u></u>

# EURISTIX LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2018

#### 5 Income tax

(Continued)

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

	Unaudited 2018 £	Unaudited 2017 £
<b>Profit before tax</b>	<b>66,152</b>	<b>36,425</b>
Profit before taxation multiplied by standard rate of UK corporation tax rate of 19% (2017: 19.25%)	12,569	7,012
Taxation impact of factors affecting tax charge:		
Expenses not deductible in determining taxable profit	18	22
Adjustments in respect of current income tax of prior years	61,153	-
Adjustments in respect of deferred income tax of prior years	(2,372)	-
Impact of changes in statutory tax rates	(37)	(527)
Total adjustments	58,762	(505)
<b>Total tax charge reported in the income statement</b>	<b>71,331</b>	<b>6,507</b>

	Balance sheet Unaudited 2018 £	Unaudited 2017 £	Income Statement Unaudited 2018 £	Unaudited 2017 £
Accelerated capital allowance	8,797	6,737	(2,060)	(777)
Other temporary differences	-	-	-	4,760
<b>Net deferred tax asset</b>	<b>8,797</b>	<b>6,737</b>		
<b>Deferred tax (credit)/charge</b>			<b>(2,060)</b>	<b>3,983</b>

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

# EURISTIX LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2018

#### 6 Property, plant and equipment

	Fixtures, fittings and equipment £	Computer equipment £	Total £
<b>Cost</b>			
At 1 January 2018 - unaudited	12,593	28,903	41,496
Asset retirement	(2,789)	-	(2,789)
<b>At 31 December 2018 - unaudited</b>	<b>9,804</b>	<b>28,903</b>	<b>38,707</b>
<b>Depreciation and impairment</b>			
At 1 January 2018 - unaudited	4,402	13,176	17,578
Depreciation	2,472	9,634	12,106
Asset retirement	(2,789)	-	(2,789)
<b>At 31 December 2018 - unaudited</b>	<b>4,085</b>	<b>22,810</b>	<b>26,895</b>
<b>Net book value</b>			
At 31 December 2017 - unaudited	8,191	15,727	23,918
At 31 December 2018 - unaudited	5,719	6,093	11,812

#### 7 Trade and other receivables

	Unaudited 2018 £	Unaudited 2017 £
Trade receivables	63,386	20,081
Other receivables	2,581	2,581
Accrued income	45,288	61,625
Prepayments	-	6,086
Amounts due from parent and fellow subsidiary undertakings	3,541,000	3,559,715
	<b>3,652,255</b>	<b>3,650,088</b>

# EURISTIX LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

### 8 Trade and other payables

	Unaudited 2018 £	Unaudited 2017 £
Other payables	137	641
Other taxes and social security	47,549	24,083
Accruals	27,229	20,000
Amounts due to parent and fellow subsidiary undertakings	54,864	91,759
	<u>129,779</u>	<u>136,483</u>

### 9 Financial liabilities

	Unaudited 2018 £	Unaudited 2017 £
Bank overdraft	110,886	604,545
	<u>110,886</u>	<u>604,545</u>

	Unaudited 2018 Numbers	Unaudited 2017 Numbers	Unaudited 2018 £	Unaudited 2017 £
<b>10 Issued share capital</b>				
<b>Allotted, called up and fully paid</b>				
Ordinary shares of £1 each				
At 1 January	100	100	100	100
<b>At 31 December</b>	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

### 11 Employee benefits

The total costs charged to the income statement in respect of defined contribution plans is £42,738 (2017: £61,510).

### 12 Directors' remuneration

	Unaudited 2018 £	Unaudited 2017 £
Remuneration for qualifying services	140,909	332,987
Company pension contributions to defined contribution schemes	11,000	27,260
	<u>151,909</u>	<u>360,247</u>

One Director was paid by the Company. Other Directors have not provided qualifying services to the Company and are paid by other companies within the Capita Group. Such remuneration has not been allocated to the Company.

# EURISTIX LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2018

#### 12 Directors' remuneration

(Continued)

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

	Unaudited 2018 £	Unaudited 2017 £
Remuneration for qualifying services	140,909	170,912
Company pension contributions to defined contribution schemes	11,000	14,094
	<u>151,909</u>	<u>185,006</u>

#### 13 Employees

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

	Unaudited 2018 Number	Unaudited 2017 Number
Sales	-	1
Operational	9	17
Administration	-	1
	<u>9</u>	<u>19</u>

Their aggregate remuneration comprised:

	Unaudited 2018 £	Unaudited 2017 £
<b>Employee costs</b>		
Wages and salaries	526,283	1,176,025
Social security costs	65,473	124,493
Pension costs	42,738	61,510
	<u>634,494</u>	<u>1,362,028</u>

#### 14 Post balance sheet event

There are no significant events which have occurred post the reporting date.

#### 15 Controlling party

The Company's immediate parent undertaking is Euristix (Holdings) Limited, a company incorporated in England and Wales.

The Company's ultimate undertaking is Capita plc, a company incorporated in England and Wales. The financial statements of Capita plc are available from the registered office at 30, Berners street, London, England, W1T 3LR.