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**SHARED SERVICES CONNECTED LTD**

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**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2015**

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## SHARED SERVICES CONNECTED LTD

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## SHARED SERVICES CONNECTED LTD

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### COMPANY INFORMATION

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**DIRECTORS**

Mr D S Ahluwalia  
Mr C S Ashburn  
Mr P A Cashmore  
Mr J N M Neilson  
Mr M D Thomson (appointed 5 April 2016)  
Mr J P Torrie  
Mr E H M Welsh (resigned 31 March 2016)

**COMPANY SECRETARY**

Mr P A Cashmore

**REGISTERED NUMBER**

08460577

**REGISTERED OFFICE**

Three Cherry Trees Lane  
Hemel Hempstead  
Hertfordshire  
HP2 7AH

**INDEPENDENT AUDITOR**

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

**BANKERS**

HSBC Bank plc  
19 Midsummer Place  
Milton Keynes  
Buckinghamshire  
MK9 3GB

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## SHARED SERVICES CONNECTED LTD

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### STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

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#### INTRODUCTION

The Directors present their strategic report for the year ended 31 December 2015.

#### BUSINESS REVIEW

Shared Services Connected Ltd (SSCL) is a joint venture between the Cabinet Office and Sopra Steria Limited. It was created in November 2013 following the signing of a framework agreement with the Cabinet Office to provide the full range of business support services for public sector organisations and agencies.

SSCL has a clear strategy for growth which it has exceeded both in 2014 and 2015. In 2015 it reported revenues of £176.6 million.

The joint venture works with the Cabinet Office's Crown Oversight Function (COF) to ensure appropriate governance and interface between SSCL and its clients. COF plays an important role in ensuring clients recognise the complexities of this type of programme and to ensure all parties remain focussed on the longer term strategic benefits that can be achieved for Government departments, for the Police and for the UK taxpayer.

In November 2013, SSCL started to deliver Finance & Accounting, HR & Payroll and Procurement services to the Department for Work and Pensions, the Cabinet Office, Defra and the Environment Agency the initial Founding organisations. In 2014 the MOJ and Home Office were added as clients and from October 2015 the Metropolitan Police joined SSCL.

This involved the large scale transition of around 3,000 people moving into SSCL, inheriting 21 different office locations and the successful transfer of services for 140,000 customers in 2013, growing to 300,000 customers in 2015.

In 2014, SSCL initiated a large scale programme of transformation to establish four Centres of Excellence. This involved the de-layering of management structures, introducing process optimisation to streamline systems and processes, the large scale movement of work and the design of a single technology platform. The key elements of this transformation programme have been achieved, although it has taken longer to develop the single technology platform to ensure it meets the different requirements of our clients.

A key milestone in 2015 was to complete the construction of the Single Operating Platform (SOP), with the Environment Agency moving onto this platform in September 2015. Whilst the overall programme has been delayed, moving the Environment Agency organisation onto the Single Operating Platform has been successfully achieved, with good feedback from the client.

To date SSCL has delivered savings of around £50 million to its clients – the equivalent of funding 1,000 new teaching professionals in the same period.

#### PRINCIPAL RISKS AND UNCERTAINTIES

The risks facing the Company have been segmented into those involving people, clients and liquidity.

To mitigate the people risk, a succession planning process is in place to identify talent at all levels within the organisation and to ensure development plans and appropriate training is in place.

To reduce client risk, the focus is on an agreed transformation programme to ensure the Company achieves its key milestones. In addition, the business development focus continues to be on securing new clients.

Liquidity risk is managed by forecasting cash flows on a regular basis and arranging the necessary level of funding with the immediate parent company.

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## SHARED SERVICES CONNECTED LTD

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### STRATEGIC REPORT (continued)

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#### FINANCIAL KEY PERFORMANCE INDICATORS

The Company's financial key performance indicators reflect its strategy and focus on revenue growth and profitability.

|                   | Year to<br>December 2015<br>£000 | Year to<br>December 2014<br>£000 |
|-------------------|----------------------------------|----------------------------------|
| Turnover          | 176,594                          | 122,980                          |
| Operating profit  | 7,646                            | 5,248                            |
| Profit before tax | 5,919                            | 4,282                            |

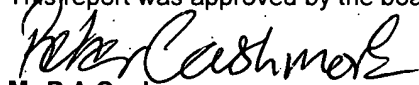
The Company is committed to supporting a sustainable world for all. SSCL's sustainability programme is designed to do that by working across four areas: Community, Marketplace, Environment, and Workplace.

Community activity has always been an important part of what SSCL does and there are many examples over the last two years of SSCL people getting involved in activities to raise thousands of pounds for a large number of local and national charities. For example, at the Newport Centre of Excellence the team has for two years running manned donation lines on behalf of the Children In Need charity.

Sustainability in the marketplace is a matter of economic sustainability, not just the Company's profitability but also the sustainability of the local, national and global economies. The focus areas include business ethics, ensuring it conducts its business in compliance with the law and ethical standards, including those described in the UN Global Compact and improving the sustainability of local economies; finding new sources of innovation by working with a diverse range of partners and suppliers, including those in local communities and small and medium sized enterprises.

As part of the Environmental focus in the UK, all major SSCL offices are certified to ISO 14001 and this standard forms the cornerstone of the environmental sustainability strategy and related initiatives.

This report was approved by the board on 12 May 2016 and signed on its behalf.

  
Mr P A Cashmore  
Secretary

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## SHARED SERVICES CONNECTED LTD

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### DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

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The Directors present their report and the financial statements for the year ended 31 December 2015.

#### DIRECTORS' RESPONSIBILITIES STATEMENT

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 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 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.

#### PRINCIPAL ACTIVITY

The principal activity of the Company is the provision of business process outsourcing services.

#### RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £4,613 thousand (2014: £3,351 thousand).

No dividends were paid during the year (2014: £Nil) and the Directors do not intend to recommend the payment of a final dividend.

#### DIRECTORS

The Directors who served during the year were:

Mr D S Ahluwalia  
Mr C S Ashburn  
Mr P A Cashmore  
Mr J N M Neilson  
Mr J P Torrie  
Mr E H M Welsh (resigned 31 March 2016)

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## SHARED SERVICES CONNECTED LTD

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### DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

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#### FUTURE DEVELOPMENTS

The Company has set challenging growth targets and, in addition to winning contracts with the Ministry of Justice, the Home Office and Metropolitan Police during 2014/2015, it is now positioned to enlarge its client base under its framework contract. It has established a business unit focussed on the Police market and is looking to evolve its offerings beyond its core service of Finance and Accounting, HR & Payroll and Procurement.

#### EMPLOYEE INVOLVEMENT

In 2014 the Company established its Employee Engagement Network (EEN) with representation from all areas of the organisation.

The EEN plays a key role in supporting internal communication channels such as the Company intranet, SSCL website, weekly newsletters, twice-yearly employee briefings, senior management group events, extended leadership team engagement and internal brand.

In addition, the EEN encourages involvement in the community programme, raising thousands of pounds for a wide range of local and national charities. The EEN also supports the Great Place To Work objectives - listening to employees and working with the management community to develop action plans. In 2015 the Company achieved a Great Place To Work result of 56% which is a positive measure of good employee satisfaction and a significant improvement over 2014 where the comparable score was 30%.

SSCL is committed to sustainability and the environment, and has been awarded ISO 14001 Environmental Management external certification at our major offices.

In 2015, SSCL Learning & Development team has been accredited for the second year running by the Learning & Performance Institute for best practice delivery of learning services.

#### DISABLED EMPLOYEES

The Company employs people from all parts of the community regardless of age, gender, disability, ethnicity, religious belief or orientation. For those applicants who consider they have a disability, the Company ensures adjustments are made where required.

Where existing employees become disabled, it is Company policy wherever practicable, to provide continuing employment under normal terms and conditions and to provide training, career development and promotion.

#### QUALIFYING THIRD PARTY INDEMNITY PROVISIONS

The Directors have been granted an indemnity from the Company against liability incurred by them in the discharge of the duties of their office. Neither the Company's indemnity nor insurance provides cover in the event that a Director is proved to have acted fraudulently, in knowing breach of trust, or otherwise dishonestly.

#### 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 that Director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- that 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.

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**SHARED SERVICES CONNECTED LTD**

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**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2015**

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**EVENTS AFTER THE REPORTING PERIOD**

There have been no significant events affecting the Company since the year-end.

**AUDITORS**

During the year, Ernst & Young LLP resigned as auditors of the Company. They confirmed that under section 519(2) of the Companies Act 2006, there were no circumstances associated with their resignation that ought to be brought to the attention of members or creditors of the Company.

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

This report was approved by the board on *12 May 2016* and signed on its behalf.



**Mr P A Cashmore**  
Secretary

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## SHARED SERVICES CONNECTED LTD

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### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SHARED SERVICES CONNECTED LTD

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We have audited the financial statements of Shared Services Connected Ltd for the year ended 31 December 2015 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes In Equity and the notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, (United Kingdom Generally Accepted Accounting Practice) including Financial Reporting Standard 101 'Reduced Disclosure Framework'.

#### RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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.

#### SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's web-site at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

#### OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2015 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.

#### OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion 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.

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SHARED SERVICES CONNECTED LTD

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SHARED SERVICES CONNECTED LTD

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**MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

*Louis Burns*

Louis Burns (Senior Statutory Auditor)  
for and on behalf of  
**Mazars LLP**  
Chartered Accountants and Statutory Auditor  
45 Church Street  
Birmingham  
B3 2RT

Date: *18 May 2016*

**SHARED SERVICES CONNECTED LTD**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2015**

|                                                 | Note | 2015<br>£000        | 2014<br>£000        |
|-------------------------------------------------|------|---------------------|---------------------|
| Turnover                                        |      | 176,594             | 122,980             |
| Operating costs                                 |      | <u>(168,948)</u>    | <u>(117,732)</u>    |
| <b>Operating profit</b>                         |      | <b>7,646</b>        | <b>5,248</b>        |
| Interest receivable and similar income          | 8    | 53                  | 89                  |
| Interest payable and expenses                   | 9    | <u>(1,780)</u>      | <u>(1,055)</u>      |
| <b>Profit on ordinary activities before tax</b> |      | <b>5,919</b>        | <b>4,282</b>        |
| Tax on profit                                   | 10   | <u>(1,306)</u>      | <u>(931)</u>        |
| <b>Profit for the year</b>                      |      | <b><u>4,613</u></b> | <b><u>3,351</u></b> |
| Other comprehensive income                      |      | -                   | -                   |
| <b>Total comprehensive income for the year</b>  |      | <b><u>4,613</u></b> | <b><u>3,351</u></b> |

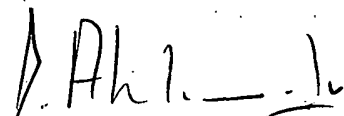
There were no recognised gains and losses for 2015 other than those included in the income statement.

**SHARED SERVICES CONNECTED LTD**  
**REGISTERED NUMBER:08460577**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2015**

|                                                         | Note | 2015<br>£000   | 2014<br>£000   |
|---------------------------------------------------------|------|----------------|----------------|
| Tangible assets                                         | 11   | 3,233          | 2,071          |
| <b>Fixed assets</b>                                     |      | <b>3,233</b>   | <b>2,071</b>   |
| <b>Current assets</b>                                   |      |                |                |
| Inventories                                             | 12   | 10,062         | 2,834          |
| Debtors                                                 | 13   | 100,081        | 61,102         |
| Cash and cash equivalents                               |      | 9,631          | 16,866         |
|                                                         |      | <b>119,774</b> | <b>80,802</b>  |
| Creditors: amounts falling due within one year          | 14   | (47,217)       | (34,999)       |
| <b>Net current assets</b>                               |      | <b>72,557</b>  | <b>45,803</b>  |
| <b>Total assets less current liabilities</b>            |      | <b>75,790</b>  | <b>47,874</b>  |
| Creditors: amounts falling due after more than one year | 15   | (30,000)       | (10,000)       |
|                                                         |      | <b>45,790</b>  | <b>37,874</b>  |
| Deferred tax                                            |      | (121)          | (64)           |
| Other provisions                                        | 18   | (6,932)        | (3,690)        |
| <b>Provisions for liabilities</b>                       |      | <b>(7,053)</b> | <b>(3,754)</b> |
| <b>Net assets</b>                                       |      | <b>38,737</b>  | <b>34,120</b>  |
| <b>Capital and reserves</b>                             |      |                |                |
| Called up share capital                                 | 19   | 1              | 1              |
| Share premium account                                   |      | 29,999         | 29,999         |
| Profit and loss account                                 |      | 8,737          | 4,120          |
| <b>Shareholders' funds</b>                              |      | <b>38,737</b>  | <b>34,120</b>  |

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



**Mr D S Ahluwalia**  
Director

12 May 2016

The notes on pages 12 to 31 form part of these financial statements.

**SHARED SERVICES CONNECTED LTD**

**STATEMENT OF CHANGES IN EQUITY  
AS AT 31 DECEMBER 2015**

|                                                | Share<br>capital<br>£000 | Share<br>premium<br>£000 | Retained<br>earnings<br>£000 | Total equity<br>£000 |
|------------------------------------------------|--------------------------|--------------------------|------------------------------|----------------------|
| At 1 January 2015                              | 1                        | 29,999                   | 4,120                        | 34,120               |
| Profit for the year                            | -                        | -                        | 4,613                        | 4,613                |
| <b>Total comprehensive income for the year</b> | -                        | -                        | 4,613                        | 4,613                |
| Share-based payments                           | -                        | -                        | 4                            | 4                    |
| <b>At 31 December 2015</b>                     | <b>1</b>                 | <b>29,999</b>            | <b>8,737</b>                 | <b>38,737</b>        |

**STATEMENT OF CHANGES IN EQUITY  
AS AT 31 DECEMBER 2014**

|                                                | Share<br>capital<br>£000 | Share<br>premium<br>£000 | Retained<br>earnings<br>£000 | Total equity<br>£000 |
|------------------------------------------------|--------------------------|--------------------------|------------------------------|----------------------|
| At 1 January 2014                              | 1                        | 29,999                   | 768                          | 30,768               |
| Profit for the year                            | -                        | -                        | 3,351                        | 3,351                |
| <b>Total comprehensive income for the year</b> | -                        | -                        | 3,351                        | 3,351                |
| Share-based payments                           | -                        | -                        | 1                            | 1                    |
| <b>At 31 December 2014</b>                     | <b>1</b>                 | <b>29,999</b>            | <b>4,120</b>                 | <b>34,120</b>        |

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## SHARED SERVICES CONNECTED LTD

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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#### 1. ACCOUNTING POLICIES

##### 1.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

The recognition, measurement and disclosure requirements (except for certain disclosure exemptions detailed below) of International Financial Reporting Standards as adopted by EU (EU-adopted IFRSs) have been applied to the financial statements and, where necessary, amendments have been made in order to comply with the Companies Act 2006 and The Large and Medium-sized Companies and Groups Regulations 2008/410 ('Regulations').

The Company transitioned from UK GAAP to FRS 101 for all periods presented. The date of transition is 1 January 2014.

The financial statements have been prepared on the historical cost basis, except employee benefits and financial instruments which are measured in terms of IAS 19 and IFRS 7 respectively. The principal accounting policies set out below have been consistently applied to all periods presented.

Information on the impact of first-time adoption of FRS 101 is given in note 25.

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).

##### First time application of FRS 100 and FRS 101

In the current year the Company has adopted FRS 100 and FRS 101. In previous years the financial statements were prepared in accordance with applicable UK accounting standards.

This change in the basis of preparation has not materially altered the recognition and measurement requirements previously applied in accordance with UK GAAP. Consequently the principal accounting policies are unchanged from the prior year. The change in basis of preparation has enabled the Company to take advantage of some of the available disclosure exemptions permitted by FRS 101 in the financial statements, the most significant of which are summarised below. There have been no other material amendments to the disclosure requirements previously applied in accordance with UK GAAP.

The following principal accounting policies have been applied:

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## SHARED SERVICES CONNECTED LTD

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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#### 1. ACCOUNTING POLICIES (continued)

##### 1.2 Financial reporting standard 101 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share-based payment
- the requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64(o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 Business Combinations
- the requirements of paragraph 33(c) of IFRS 5 Non Current Assets Held For Sale and Discontinued Operations
- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
  - paragraph 79(a)(iv) of IAS 1;
  - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
  - paragraph 118(e) of IAS 38 Intangible Assets;
  - paragraphs 76 and 79(d) of IAS 40 Investment Property; and
  - paragraph 50 of IAS 41 Agriculture
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 of IAS 24 Related Party Disclosures
- the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

For certain disclosure exemptions listed above, the equivalent disclosures are included in the consolidated financial statements of Sopra Steria Group S.A. which are available to the public and can be obtained as set out in note 23.

##### Amendments to FRS 101

In July 2015, amendments were made to FRS 101 as a consequence of changes made to EU-adopted IFRS and to maintain consistency with company law. The Company has adopted these amendments early as permitted by the standard. The amendments applied are detailed as follows:

(i) The amendments to paragraphs 5, 7A and 8(j) of the standard arising from the 2014/2015 cycle allows the Company to take advantage of the exemption from the requirement to present an opening statement of financial position at the date of transition and the requirement to disclose key management personnel compensation.

(ii) The amendments to The Companies, Partnerships and Groups (accounts and Reports) Regulations 2015(SI 2015/980) which permits a qualifying entity choosing to apply 1A(1) and 1A(2) of Schedule 1 to The Large and Medium-sized Companies and Groups (Accounts and Report) (SI 2008/410) the option to apply the relevant presentation requirements of IAS 1 Presentation of Financial Statements.

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## SHARED SERVICES CONNECTED LTD

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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#### 1. ACCOUNTING POLICIES (continued)

IFRS 1 permits the Company in certain instances, to take advantage of certain exemptions from applying the requirements on a fully retrospective basis as at the date of transition. The Company has chosen to apply the following exemptions which are permitted under IFRS 1:

- Business combinations
- Classification and measurement of financial assets
- Impairment of financial assets

#### 1.3 Adoption of new and revised standards

The following standards and interpretations have been adopted in the financial statements as they are mandatory for the year ended 31 December 2015.

Endorsed  
IFRIC 21 'Levies'

Annual improvements to IFRS (2011-2013)

Effective for periods beginning on or after:  
17 June 2014

1 January 2015

#### 1.4 Going concern

The Directors are satisfied that the Company has adequate resources for its foreseeable needs given current budget and forecasts, availability of liquid resources, current loan facilities and long-term visibility on key contracts. For this reason the Directors have concluded that there are no material uncertainties in adopting the going concern basis in preparing the financial statements.

#### 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.

Revenue on time and materials contracts is recognised in line with the effort expended. Revenue on fixed price contracts is taken in proportion to the cost of work performed on each contract relative to the estimated total costs of completing the contract. Provision is made for the whole of any anticipated losses as soon as they are identified.

#### Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably, and;
- the costs incurred and the costs to complete the contract can be measured reliably.

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## SHARED SERVICES CONNECTED LTD

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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#### 1. ACCOUNTING POLICIES (continued)

##### 1.6 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.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to the Income Statement during the period in which they are incurred.

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. The estimated useful lives range as follows:

The estimated useful lives range as follows:

|                     |               |
|---------------------|---------------|
| Plant and machinery | 3 to 10 years |
|---------------------|---------------|

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 within 'other operating income' in the statement of comprehensive income.

##### 1.7 Operating leases

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

##### 1.8 Inventories

Work in progress is stated at the lower of the cost and net realisable value, and represents the value of work done where the benefit is expected to be recognised in future periods.

##### 1.9 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

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## SHARED SERVICES CONNECTED LTD

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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#### 1. ACCOUNTING POLICIES (continued)

##### 1.10 Cash and cash equivalents

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

##### 1.11 Financial instruments

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

###### Financial assets

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

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

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

###### Financial liabilities

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

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

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## SHARED SERVICES CONNECTED LTD

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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#### 1. ACCOUNTING POLICIES (continued)

##### 1.12 Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

##### 1.13 Foreign currency translation

###### Functional and presentation currency

The Company's functional and presentational currency is Pounds sterling.

###### 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 the Income Statement.

##### 1.14 Finance costs

Finance costs are charged to the Income Statement 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.

##### 1.15 Share-based payments

The Company operates various share-based award schemes, all of which are equity-settled. The fair value at the date at which the share-based awards are granted is recognised in the income statement on a straight-line basis over the vesting period, with a corresponding increase in the shareholders' equity based on an estimate of the number of shares that will eventually vest. The services received from employees are measured by reference to the fair value of the awards granted.

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## SHARED SERVICES CONNECTED LTD

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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#### 1. ACCOUNTING POLICIES (continued)

##### 1.16 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 payments obligations.

The contributions are recognised as an expense in the Income Statement 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 contributes to defined benefit pension schemes in relation to employees that transferred to the Company from Government departments under the New Fair Deal policy. The assets and liabilities of the schemes are not controlled by the Company, consequently the Company treats these as defined contribution schemes and contributions are charged to the Income Statement as they become payable.

##### 1.17 Interest income

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

##### 1.18 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 the Income Statement 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.

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## SHARED SERVICES CONNECTED LTD

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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#### 1. ACCOUNTING POLICIES (continued)

##### 1.19 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except that a change 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 balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position 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 income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

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

The Company provides services to its customers under long-term contracts. Where such contracts extend over long periods, judgement is required in the estimation of cost to complete and the associated revenue, provision and unbilled services calculations.

#### 3. ANALYSIS OF TURNOVER

The whole of the turnover is attributable to business process outsource services.

All turnover arose within the United Kingdom.

## SHARED SERVICES CONNECTED LTD

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

#### 4. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

|                                            | 2015<br>£000 | 2014<br>£000 |
|--------------------------------------------|--------------|--------------|
| Depreciation of tangible fixed assets      | 76           | 62           |
| Share-based payments                       | 4            | 1            |
| Operating lease rentals - land & buildings | 3,060        | 4,022        |
|                                            | <u>3,140</u> | <u>4,085</u> |

#### 5. AUDITOR'S REMUNERATION

The Company paid the following amounts to its auditor in respect of the audit of the financial statements and no other services were provided to the Company during 2015:

|                                   | 2015<br>£000 | 2014<br>£000 |
|-----------------------------------|--------------|--------------|
| Fees for the audit of the Company | 54           | 46           |
|                                   | <u>54</u>    | <u>46</u>    |

#### 6. EMPLOYEES

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

|                       | 2015<br>£000  | 2014<br>£000  |
|-----------------------|---------------|---------------|
| Wages and salaries    | 41,670        | 43,569        |
| Social security costs | 2,842         | 1,910         |
| Other pension costs   | 6,655         | 4,452         |
|                       | <u>51,167</u> | <u>49,931</u> |

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

|                | 2015<br>No.  | 2014<br>No.  |
|----------------|--------------|--------------|
| Operations     | 1,224        | 1,138        |
| Administration | 74           | 46           |
|                | <u>1,298</u> | <u>1,184</u> |

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## SHARED SERVICES CONNECTED LTD

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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#### 7. DIRECTORS' REMUNERATION

Mr D S Ahluwalia and Mr 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.

Mr P A Cashmore did not receive any emoluments during the year from the Company or any Sopra Steria Group company in respect of his services as a Director of the Company.

Mr E H M Welsh did not receive any emoluments during the year in respect of his services as a Director of the Company.

Mr C S Ashburn and Mr J N M Neilson provide services both to the Company and another Sopra Steria Group company. The share of their emoluments apportioned to the Company from the date of their appointment as Directors is shown below:

|                                                               | 2015<br>£000 | 2014 from<br>appointment<br>£000 |
|---------------------------------------------------------------|--------------|----------------------------------|
| Directors' emoluments                                         | 272          | 93                               |
| Company contributions to defined contribution pension schemes | 8            | 1                                |
|                                                               | <u>280</u>   | <u>94</u>                        |

During the year retirement benefits were accruing to 1 Director (2014: 1) in respect of defined contribution pension schemes.

The highest paid Director received remuneration of £184 thousand (2014 from appointment: £61 thousand).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £Nil (2014: £Nil).

The value of the Company's contributions paid to a defined benefit pension scheme in respect of the highest paid Director amounted to £Nil (2014: £Nil).

#### 8. INTEREST RECEIVABLE

|                          | 2015<br>£000 | 2014<br>£000 |
|--------------------------|--------------|--------------|
| Bank interest receivable | 53           | 89           |
|                          | <u>53</u>    | <u>89</u>    |

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**SHARED SERVICES CONNECTED LTD**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015**

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**9. INTEREST PAYABLE AND SIMILAR CHARGES**

|                               | <b>2015<br/>£000</b> | <b>2014<br/>£000</b> |
|-------------------------------|----------------------|----------------------|
| Loans from Group undertakings | 1,780                | 1,055                |
|                               | <u>1,780</u>         | <u>1,055</u>         |

**10. TAXATION**

|                                                  | <b>2015<br/>£000</b> | <b>2014<br/>£000</b> |
|--------------------------------------------------|----------------------|----------------------|
| <b>Corporation tax</b>                           |                      |                      |
| Current tax on profits for the year              | 1,161                | 857                  |
| Adjustments in respect of previous periods       | 270                  | 93                   |
| <b>Total current tax</b>                         | <u>1,431</u>         | <u>950</u>           |
| <b>Deferred tax</b>                              |                      |                      |
| Origination and reversal of timing differences   | 78                   | 65                   |
| Adjustments in respect of prior periods          | (203)                | (84)                 |
| <b>Total deferred tax</b>                        | <u>(125)</u>         | <u>(19)</u>          |
| <b>Taxation on profit on ordinary activities</b> | <u>1,306</u>         | <u>931</u>           |

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SHARED SERVICES CONNECTED LTD

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015

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10. TAXATION (continued)

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is higher than (2014: *higher than*) the standard rate of corporation tax in the UK of 20.25% (2014: 21.5%). The differences are explained below:

|                                                                                                                | 2015<br>£000 | As restated<br>2014<br>£000 |
|----------------------------------------------------------------------------------------------------------------|--------------|-----------------------------|
| Profit on ordinary activities before tax                                                                       | 5,919        | 4,282                       |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.25% (2014: 21.5%) | 1,199        | 921                         |
| Effects of:                                                                                                    |              |                             |
| Expenses not deductible for tax purposes, other than goodwill amortisation and impairment                      | 50           | 5                           |
| Difference in deferred tax rates                                                                               | (10)         | (4)                         |
| Adjustments to tax charge in respect of prior periods                                                          | 67           | 9                           |
| Total tax charge for the year                                                                                  | 1,306        | 931                         |

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

The Finance Act 2015 provides that the main rate of corporation tax will fall to 19% with effect from 1 April 2017 and to 18% with effect from 1 April 2020. As this legislation had been substantively enacted at the end of the reporting period, the impact of these tax rate reductions on the deferred tax balances carried forward has been included in these accounts.

The March 2016 Budget announced that the main rate of corporation tax from 1 April 2020 will be 17% instead of 18% as stated above. However, as this measure had not been substantially enacted at the end of the reporting period, the impact of the additional tax rate reduction has not been included in these accounts.

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**SHARED SERVICES CONNECTED LTD**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015**

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**11. TANGIBLE FIXED ASSETS**

|                            | <b>Plant and<br/>machinery<br/>£000</b> |
|----------------------------|-----------------------------------------|
| <b>Cost</b>                |                                         |
| At 1 January 2015          | 2,133                                   |
| Additions                  | 1,240                                   |
| Disposals                  | (3)                                     |
| <b>At 31 December 2015</b> | <u>3,370</u>                            |
| <b>Depreciation</b>        |                                         |
| At 1 January 2015          | 62                                      |
| Charge                     | 76                                      |
| Disposals                  | (1)                                     |
| <b>At 31 December 2015</b> | <u>137</u>                              |
| <b>Net book value</b>      |                                         |
| <b>At 31 December 2015</b> | <u>3,233</u>                            |
| <i>At 31 December 2014</i> | <u>2,071</u>                            |

**12. INVENTORIES**

|                  | <b>2015<br/>£000</b> | <b>2014<br/>£000</b> |
|------------------|----------------------|----------------------|
| Work in progress | 10,062               | 2,834                |
|                  | <u>10,062</u>        | <u>2,834</u>         |

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**SHARED SERVICES CONNECTED LTD**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015**

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**13. DEBTORS**

|                                     |    | <b>2015<br/>£000</b>  | <b>2014<br/>£000</b> |
|-------------------------------------|----|-----------------------|----------------------|
| <b>Due after more than one year</b> |    |                       |                      |
| Deferred tax asset                  | 17 | 265                   | 83                   |
|                                     |    | <u>265</u>            | <u>83</u>            |
| <b>Due within one year</b>          |    |                       |                      |
| Trade debtors                       |    | 19,877                | 780                  |
| Amounts owed by group undertakings  |    | 74                    | 481                  |
| Other debtors                       |    | 2,301                 | -                    |
| Prepayments and accrued income      |    | 77,564                | 59,758               |
|                                     |    | <u><u>100,081</u></u> | <u><u>61,102</u></u> |

**14. CREDITORS: Amounts falling due within one year**

|                                    | <b>2015<br/>£000</b> | <b>2014<br/>£000</b> |
|------------------------------------|----------------------|----------------------|
| Trade creditors                    | 659                  | 1,129                |
| Amounts owed to Group undertakings | 15,508               | 15,390               |
| Corporation tax                    | 1,080                | 677                  |
| Taxation and social security       | 2,460                | 2,976                |
| Other creditors                    | 250                  | 11                   |
| Accruals and deferred income       | 27,260               | 14,816               |
|                                    | <u><u>47,217</u></u> | <u><u>34,999</u></u> |

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**SHARED SERVICES CONNECTED LTD**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015**

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**15. CREDITORS: Amounts falling due after more than one year**

|                                    | <b>2015<br/>£000</b> | <b>2014<br/>£000</b> |
|------------------------------------|----------------------|----------------------|
| Amounts owed to Group undertakings | <b>30,000</b>        | <b>10,000</b>        |
|                                    | <u><b>30,000</b></u> | <u><b>10,000</b></u> |

**Loan details**

The loan is interest-bearing at rates between 5% and 7% above the Bank of England base rate and is available until 30 September 2020.

**16. FINANCIAL INSTRUMENTS**

|                                                                       | <b>2015<br/>£000</b>   | <b>2014<br/>£000</b>   |
|-----------------------------------------------------------------------|------------------------|------------------------|
| <b>Financial assets</b>                                               |                        |                        |
| Financial assets that are debt instruments measured at amortised cost | <b>22,252</b>          | <b>1,264</b>           |
|                                                                       | <u><b>22,252</b></u>   | <u><b>1,264</b></u>    |
| <b>Financial liabilities</b>                                          |                        |                        |
| Financial liabilities measured at amortised cost                      | <b>(63,818)</b>        | <b>(39,786)</b>        |
|                                                                       | <u><b>(63,818)</b></u> | <u><b>(39,786)</b></u> |

Financial assets measured at amortised cost comprise Amounts due from Group undertakings, Trade debtors, Other debtors and Accrued interest receivable.

Financial Liabilities measured at amortised cost comprise Amounts owed to Group undertakings, Trade creditors and Accruals.

**SHARED SERVICES CONNECTED LTD**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015**

**17. DEFERRED TAXATION**

|                                                      | Accelerated<br>capital<br>allowances<br>£000           | Short-term<br>timing<br>differences<br>£000           | Total<br>£000         |
|------------------------------------------------------|--------------------------------------------------------|-------------------------------------------------------|-----------------------|
| At 1 January 2014                                    | -                                                      | -                                                     | -                     |
| (Charged) / credited to profit or loss               | (64)                                                   | 83                                                    | 19                    |
| <b>At 31 December 2014</b>                           | <b>(64)</b>                                            | <b>83</b>                                             | <b>19</b>             |
|                                                      | <i>Accelerated<br/>capital<br/>allowances<br/>£000</i> | <i>Short-term<br/>timing<br/>differences<br/>£000</i> | <i>Total<br/>£000</i> |
| At 1 January 2015                                    | (64)                                                   | 83                                                    | 19                    |
| (Charged) / credited to profit or loss               | (63)                                                   | 190                                                   | 127                   |
| Effect of change in tax rate in the income statement | 6                                                      | (8)                                                   | (2)                   |
| <b>At 31 December 2015</b>                           | <b>(121)</b>                                           | <b>265</b>                                            | <b>144</b>            |
|                                                      |                                                        | <b>2015<br/>£000</b>                                  | <b>2014<br/>£000</b>  |
| <b>Comprising:</b>                                   |                                                        |                                                       |                       |
| Deferred tax assets - due after 1 year               |                                                        | 265                                                   | 83                    |
| Deferred tax liabilities                             |                                                        | (121)                                                 | (64)                  |
|                                                      |                                                        | <b>144</b>                                            | <b>19</b>             |

**18. PROVISIONS**

|                                 | Losses on<br>long-term<br>contracts<br>£000 | Other<br>provisions<br>£000 | Total<br>£000 |
|---------------------------------|---------------------------------------------|-----------------------------|---------------|
| At 1 January 2015               | 3,690                                       | -                           | 3,690         |
| Charged to the income statement | 3,142                                       | 100                         | 3,242         |
| <b>At 31 December 2015</b>      | <b>6,832</b>                                | <b>100</b>                  | <b>6,932</b>  |

The Losses on long-term contracts provision relates mainly to delays in the go-live of the Standard Operating Platform for some customers. The amount of the provision represents the Directors' best estimate of the costs which will be incurred in excess of the associated revenue. The Directors anticipate this provision will be used within the next year.

The Other provision relates to potential staff costs following recent legislation. There is much uncertainty relating to the timing and amount, but it is expected that this provision will largely be used within the next two years.

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## SHARED SERVICES CONNECTED LTD

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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#### 19. SHARE CAPITAL

|                                           | 2015<br>£    | 2014<br>£    |
|-------------------------------------------|--------------|--------------|
| <b>Allotted, called up and fully paid</b> |              |              |
| 250 A ordinary shares of £1 each          | 250          | 250          |
| 750 B ordinary shares of £1 each          | 750          | 750          |
|                                           | <u>1,000</u> | <u>1,000</u> |

#### 20. SHARE-BASED PAYMENTS

The Company's share-based payment plans are awarded in Sopra Steria Group S.A. shares. Shares granted under these plans usually have a vesting period of 3 or 4 years.

##### **Sopra Steria Matching and Partnership Shares (SIP)**

The SIP was introduced to employees of the Company in 2013. For the year ended 31 December 2014, a matching level of one matching share for every two partnership shares purchased was set.

Contributions to the SIP were suspended from July 2014 due to Sopra Group S.A.'s successful offer for shares in Groupe Steria SCA. A new SIP came into operation in 2016 which set a matching level of one matching share for every one partnership share purchased.

#### 21. PENSION COMMITMENTS

As per note 1.16, the Company makes contributions to defined benefit pension schemes under the New Fair Deal policy. These schemes are operated by the Government. The assets and liabilities of the schemes are not controlled by the Company, consequently the Company treats these as defined contribution schemes and contributions are charged to the Income Statement as they become payable.

The Company also makes contributions to a defined contribution pension scheme, the Sopra Steria Group Personal Pension Plan, which is open to all employees other than those who are members of a defined benefit scheme having transferred to the Company under the New Fair Deal policy. Contributions are charged to the Income Statement as they become payable.

As at 31 December 2015 the amount outstanding in respect of the Company's contribution to the schemes was £660 thousand (2014 as restated: £500 thousand). The contributions made in respect of the year ended 31 December 2015 totalled £6,655 thousand (2014: £4,441 thousand).

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## SHARED SERVICES CONNECTED LTD

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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#### 22. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2015, the Company had future minimum lease payments under non-cancellable operating leases as follows:

|                                                  | 2015<br>£000  | 2014<br>£000 |
|--------------------------------------------------|---------------|--------------|
| <b>Operating leases / licences which expire:</b> |               |              |
| Not later than 1 year                            | 3,293         | 2,589        |
| Later than 1 year and not later than 5 years     | 7,459         | 3,453        |
| Later than 5 years                               | 989           | 514          |
| <b>Total</b>                                     | <b>11,741</b> | <b>6,556</b> |

#### 23. 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](http://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.

## SHARED SERVICES CONNECTED LTD

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

#### 24. 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:

##### Year to 31 December 2015

|                              | Sales to<br>related<br>party<br>£000 | Purchases<br>from<br>related<br>party<br>£000 | Amounts<br>owing by<br>related<br>party<br>£000 | Amounts<br>owing to<br>related<br>party<br>£000 | Loan<br>owing to<br>related<br>party<br>£000 |
|------------------------------|--------------------------------------|-----------------------------------------------|-------------------------------------------------|-------------------------------------------------|----------------------------------------------|
| Sopra Steria Limited         | 979                                  | 81,745                                        | 489                                             | 20,797                                          | 30,000                                       |
| HM Government Cabinet Office | 13,773                               | 423                                           | 443                                             | -                                               | -                                            |
| Sopra Steria Group S.A.      | -                                    | 180                                           | -                                               | 25                                              | -                                            |
|                              | <u>14,752</u>                        | <u>82,348</u>                                 | <u>932</u>                                      | <u>20,822</u>                                   | <u>30,000</u>                                |

Shown within:

Amounts owed by Group undertakings

Trade debtors

Prepayments and accrued income

Amount owed to Group undertakings

Accruals and deferred income

|            |               |               |
|------------|---------------|---------------|
| 74         | -             | -             |
| 443        | -             | -             |
| 415        | -             | -             |
| -          | 15,508        | 30,000        |
| -          | 5,314         | -             |
| <u>932</u> | <u>20,822</u> | <u>30,000</u> |

##### Year to 31 December 2014

|                              | Sales to<br>related<br>party<br>£000 | Purchases<br>from<br>related<br>party<br>£000 | Amounts<br>owing by<br>related<br>party<br>£000 | Amounts<br>owing to<br>related<br>party<br>£000 | Loan<br>owing to<br>related<br>party<br>£000 |
|------------------------------|--------------------------------------|-----------------------------------------------|-------------------------------------------------|-------------------------------------------------|----------------------------------------------|
| Sopra Steria Limited         | 401                                  | 36,839                                        | 2,207                                           | 15,850                                          | 10,000                                       |
| HM Government Cabinet Office | 5,786                                | 15,013                                        | -                                               | -                                               | -                                            |
|                              | <u>6,187</u>                         | <u>51,852</u>                                 | <u>2,207</u>                                    | <u>15,850</u>                                   | <u>10,000</u>                                |

Shown within:

Amounts owed by Group undertakings

Prepayments and accrued income

Amount owed to Group undertakings

Accruals and deferred income

|              |               |               |
|--------------|---------------|---------------|
| 481          | -             | -             |
| 1,726        | -             | -             |
| -            | 15,364        | 10,000        |
| -            | 486           | -             |
| <u>2,207</u> | <u>15,850</u> | <u>10,000</u> |

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**SHARED SERVICES CONNECTED LTD**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015**

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**24. RELATED PARTY TRANSACTIONS (continued)**

Sopra Steria Limited holds 75% of the shares in the Company.

HM Government Cabinet Office comes under the influence of HM Treasury which is the beneficial holder of 25% of the shares in the Company.

Purchases from HM Government Cabinet Office relate to management fees.

Purchases from Sopra Steria Limited include information technology services and financing costs.

Purchases from Sopra Steria Group S.A. relate to financing and guarantee fees.

Sales to HM Government Cabinet Office relate to the provision of information technology services, including the Standard Operating Platform.

Sales to Sopra Steria Limited relate to the costs of employees working on Sopra Steria projects.

All outstanding balances are expected to be settled by cash payments.

**25. FIRST TIME ADOPTION OF FRS 101**

The policies applied under the entity's previous accounting framework are not materially different to FRS 101 and have not impacted on equity or profit or loss.