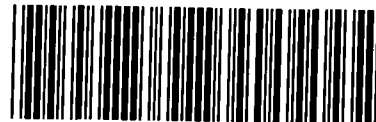


**SHARED SERVICES CONNECTED LTD**

**ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**CONTENTS**

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	Page
<b>Company Information</b>	1
<b>Strategic Report</b>	2 - 4
<b>Directors' Report</b>	5 - 7
<b>Independent Auditor's Report</b>	8 - 10
<b>Statement of Comprehensive Income</b>	11
<b>Statement of Financial Position</b>	12
<b>Statement of Changes in Equity</b>	13
<b>Notes to the Financial Statements</b>	14 - 35

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**COMPANY INFORMATION**

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**DIRECTORS**

Mr D S Ahluwalia  
Mr P A Cashmore  
Mr M B Driver  
Ms M Greene  
Mr J N M Neilson  
Mr M D Thomson  
Mr J P Torrie

**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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**STRATEGIC REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**INTRODUCTION**

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

**PRINCIPAL ACTIVITY**

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

**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 year on year since 2013, and in 2017 it reported revenues of £172.3 million (2016: £185.7 million), exceeding expectations. As a result of an 11% drop in operating costs to £166.2 million (2016: £186.3 million), the Company's operating profit for the year has risen to £6.0 million (2016: loss of £1.7 million).

The joint venture works with the Cabinet Office's Government Shared Services (GSS) department to ensure appropriate governance and interface between SSCL and its clients. GSS plays an important role in ensuring clients recognise the complexities of this type of programme and ensures 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.

Since 2013, SSCL has managed the large-scale transition of 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 by 2017.

SSCL has created four Centres of Excellence in the UK and two in India. It has successfully streamlined management structures, systems and processes, the large-scale movement of work and delivery of a single technology platform. In May 2017, it completed the transformation programme for government, having delivered an unprecedented level of change across the largest government departments.

SSCL has developed a police-specific single operating platform for the Metropolitan Police and implementation of this was delayed in 2017. However this platform has now gone live enabling integration of back office systems and processes.

In 2017, SSCL commenced an automation programme, which is expected to enhance efficiency and profitability in the year to come. It is now developing and expanding its service offerings, which include digital and mobile features to enhance the customer experience.

SSCL has already delivered savings in excess of £100 million to its clients, whilst managing a complex programme of change of significant size and scale. SSCL now runs the largest multi-client shared services platform across Europe.

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

**PRINCIPAL RISKS AND UNCERTAINTIES**

The Company's risk management strategy categorises risks into those involving people, clients and liquidity.

To mitigate the risk associated with dependence on key individuals, we have a robust succession planning process in place which identifies talent at all levels within the organisation and ensures that appropriate training and development plans are in place. This process is underpinned by our Competency Framework and the Training Matrix which provide employees with a range of resources to help them develop their skills and capabilities.

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.

**FINANCIAL KEY PERFORMANCE INDICATORS**

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

	Year to December 2017 £000	Year to December 2016 £000
Turnover	172,287	185,715
Operating profit / (loss)	6,046	(1,710)
Profit / (loss) before tax	4,446	(3,881)

**CORPORATE SOCIAL RESPONSIBILITY**

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 three years of SSCL people getting involved in activities to raise thousands of pounds for a large number of local and national charities.

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.

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

This report was approved by the board on

28.6.18

and signed on its behalf.



Mr J N M Nelson  
Director

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**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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

**DIRECTORS' RESPONSIBILITIES**

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). Under company law the Directors must not approve the financial statements unless satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**DIVIDENDS**

No dividends were paid during the year (2016: £Nil) and the Directors do not intend to recommend the payment of a final dividend.

**DIRECTORS**

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

Mr D S Ahluwalia  
Mr C S Ashburn (resigned 31 March 2017)  
Mr P A Cashmore  
Mr M B Driver  
Ms M Greene (appointed 10 April 2017)  
Mr J N M Neilson  
Mr M D Thomson  
Mr J P Torrie

**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**FUTURE DEVELOPMENTS**

The Company's priority in 2017, was the completion of the transformation programme for government departments and the consolidation of services onto a government-specific single technology platform. This was successfully completed by May 2017, creating the largest multi-client shared service platform across Europe. Following a period of stabilisation, the Company is well positioned to expand its client base further under its framework contract.

The Company continued to develop new propositions whilst expanding existing offerings beyond core services of Finance and Accounting; HR & Payroll and Procurement. It has developed end to end recruitment services which substantially speed up recruitment timeframes, provides comprehensive debt management services, on-line vetting and Customer Hub – a client-centric portal to improve the customer experience. It has increased automation in a number of key process areas, and continues to develop digital, mobile solutions for clients to further add value.

**EMPLOYEE INVOLVEMENT**

The Company has a well-established employee engagement network with representation from all areas of the organisation in both SSCL Government and SSCL Police. This network plays a key role in supporting internal communication channels and encourages two way feedback across the organisation.

In 2017, an engagement programme was run across the organisation called The SSCL Way, building on the Company's four key values and providing a forum for employees to discuss culture, strategy and the importance of the Company's work for government and police.

The employee engagement network also co-ordinates the Company's community programme which encourages employee involvement across the organisation, raising thousands of pounds for a wide range of local and national charities each year.

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

**DIVERSITY**

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.

**MATTERS COVERED IN THE STRATEGIC REPORT**

Details of the Company's financial risk management policies are included in the strategic report.



**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**DISCLOSURE OF INFORMATION TO AUDITOR**

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

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

**EVENTS AFTER THE REPORTING PERIOD**

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

**AUDITOR**

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

This report was approved by the board on

28 June '18

and signed on its behalf.



Mr P A Cashmore  
Secretary

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

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Use of the audit report**

This report is made solely to the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body for our audit work, for this report, or for the opinions we have formed.

**Conclusions relating to going concern**

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

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

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SHARED SERVICES CONNECTED LTD  
(CONTINUED)**

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**Other information**

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

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

We have nothing to report in this regard.

**Opinions on other matters prescribed by the Companies Act 2006**

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

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

**Matters on which we are required to report by exception**

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

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

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

**Responsibilities of Directors**

As explained more fully in the Directors' responsibilities statement set out on page 5, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SHARED SERVICES CONNECTED LTD  
(CONTINUED)**

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**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

*Louis Burns*

Louis Burns (Senior statutory auditor)

for and on behalf of

**Mazars LLP**

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

Date: *18 July 2018*

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Note	2017 £000	2016 £000
Turnover	3	172,287	185,715
Operating expenses		(166,241)	(186,267)
Exceptional administrative expenses	4	-	(1,158)
<b>OPERATING PROFIT / (LOSS)</b>	5	<b>6,046</b>	<b>(1,710)</b>
Interest receivable and similar income	9	268	95
Interest payable and similar expenses	10	(1,868)	(2,266)
<b>PROFIT / (LOSS) BEFORE TAX</b>		<b>4,446</b>	<b>(3,881)</b>
Tax (charge) / credit on profit / (loss)	11	(875)	853
<b>PROFIT / (LOSS) FOR THE FINANCIAL YEAR</b>		<b>3,571</b>	<b>(3,028)</b>
<b>OTHER COMPREHENSIVE INCOME:</b>			
Other comprehensive income		-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>3,571</b>	<b>(3,028)</b>

There were no recognised gains and losses for 2017 or 2016 other than those included in the Statement of Comprehensive Income.

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2017**

	Note	2017 £000	2016 £000
<b>FIXED ASSETS</b>			
Intangible assets	12	128	204
Tangible assets	13	7,572	4,514
		<u>7,700</u>	<u>4,718</u>
<b>CURRENT ASSETS</b>			
Inventories	14	15,573	18,326
Debtors	15	115,806	121,696
Cash and cash equivalents		11,523	22,055
		<u>142,902</u>	<u>162,077</u>
Creditors: amounts falling due within one year	16	(60,853)	(93,749)
<b>NET CURRENT ASSETS</b>		<u>82,049</u>	<u>68,328</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>89,749</u>	<u>73,046</u>
Creditors: amounts falling due after more than one year	17	(50,000)	(30,000)
		<u>39,749</u>	<u>43,046</u>
<b>PROVISIONS FOR LIABILITIES</b>			
Deferred tax	18	(127)	(164)
Other provisions	19	(131)	(7,115)
		<u>(258)</u>	<u>(7,279)</u>
<b>NET ASSETS</b>		<u>39,491</u>	<u>35,767</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	20	1	1
Share premium account		29,999	29,999
Retained earnings		9,491	5,767
<b>SHAREHOLDERS' FUNDS</b>		<u>39,491</u>	<u>35,767</u>

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

28 June 2018

Mr J N M Neilson  
Director

The notes on pages 14 to 35 form part of these financial statements.

# SHARED SERVICES CONNECTED LTD

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

	Called up share capital £000	Share premium account £000	Retained earnings £000	Total equity £000
<b>At 1 January 2016</b>	<b>1</b>	<b>29,999</b>	<b>8,737</b>	<b>38,737</b>
<b>COMPREHENSIVE INCOME FOR THE YEAR</b>				
Loss for the year	-	-	(3,028)	(3,028)
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>-</b>	<b>-</b>	<b>(3,028)</b>	<b>(3,028)</b>
Share-based payments	-	-	58	58
<b>At 1 January 2017</b>	<b>1</b>	<b>29,999</b>	<b>5,767</b>	<b>35,767</b>
<b>COMPREHENSIVE INCOME FOR THE YEAR</b>				
Profit for the year	-	-	3,571	3,571
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>-</b>	<b>-</b>	<b>3,571</b>	<b>3,571</b>
Share-based payments	-	-	153	153
<b>AT 31 DECEMBER 2017</b>	<b>1</b>	<b>29,999</b>	<b>9,491</b>	<b>39,491</b>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**1. ACCOUNTING POLICIES**

**1.1 Basis of preparation of financial statements**

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

The Company's functional and presentational currency is Pounds sterling and amounts are presented in round thousands (£000).

The 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 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.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 2).

The following principal accounting policies have been applied:

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

In preparing these financial statements the Company has taken advantage of all disclosure exemptions conferred by FRS 101. Therefore these financial statements do not include:

- certain comparative information as otherwise required by EU endorsed IFRS;
- certain disclosures regarding the Company's capital;
- a statement of cash flows;
- the effect of future accounting standards not yet adopted;
- the disclosure of the remuneration of key management personnel; and
- disclosure of related party transactions with other wholly owned members of the group headed by Sopra Steria Group S.A.

In addition, and in accordance with FRS 101, further disclosure exemptions have been adopted because equivalent disclosures are included in the consolidated financial statements of Sopra Steria Group S.A. These financial statements do not include certain disclosures in respect of:

- Share-based payments;
- Financial Instruments (other than certain disclosures required as a result of recording financial instruments at fair value);
- Fair value measurement (other than certain disclosures required as a result of recording financial instruments at fair value); and
- Impairment of assets.

The financial statements of Sopra Steria Group S.A can be obtained as described in note 25.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**1. ACCOUNTING POLICIES (CONTINUED)**

**1.3 Adoption of new and revised standards**

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

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

**1.4 Going concern**

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**1. ACCOUNTING POLICIES (CONTINUED)**

**1.5 Revenue**

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

**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.

The stage of completion is determined as the proportion of costs incurred (including labour hours) to total costs expected to be incurred.

**1.6 Intangible assets**

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Amortisation is provided on all intangible fixed assets so as to write off cost less residual value over their anticipated useful lives on a straight-line basis. This amortisation is charged to operating expenses in the Statement of Comprehensive Income. The estimated useful lives are as follows:

Software	3 years
----------	---------

**1.7 Tangible fixed assets**

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

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 profit or loss during the period in which they are incurred.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**1. ACCOUNTING POLICIES (CONTINUED)**

**1.7 Tangible fixed assets (continued)**

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

The estimated useful lives range as follows:

Fixtures, fittings and hardware	3 - 10 years
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The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

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

**1.8 Operating leases**

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

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

**1.9 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.

**1.10 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.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**1. ACCOUNTING POLICIES (CONTINUED)****Financial assets**

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

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

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Company will be unable to collect all of the amounts due under the terms 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.

**1.12 Foreign currency translation****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 Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**1. ACCOUNTING POLICIES (CONTINUED)****1.13 Finance costs**

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

**1.14 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 Statement of Comprehensive Income 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.

**1.15 Pensions****Defined contribution pension plan**

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

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

**Defined benefit pension plan**

The Company 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 Statement of Comprehensive Income as they become payable.

**1.16 Interest income**

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

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**1. ACCOUNTING POLICIES (CONTINUED)****1.17 Provisions for liabilities**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. The carrying value is the present value of those cash flows when the effect of the time value of money is material.

When the economic benefits required to settle a provision are expected to be received from a third party, a receivable is recognised as an asset only if it is virtually certain that the reimbursement will be received and the amount can be measured reliably.

**Onerous contracts**

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Company has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefit expected to be received.

**Restructurings**

A restructuring provision is recognised when the Company has developed a detailed, formal plan for the restructuring and has raised a valid expectation in those affected that the restructuring will be carried out by announcing its main features or starting to implement the plan. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the Company.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**1: ACCOUNTING POLICIES (CONTINUED)****1.18 Current and deferred taxation**

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

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

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the 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 tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

**1.19 Exceptional items**

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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

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

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

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

**Long-term contracts**

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.

**Aged Debtors**

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

**3. TURNOVER**

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

All turnover arose within the United Kingdom.

**4. EXCEPTIONAL ADMINISTRATIVE EXPENSES**

	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
Restructuring costs (see note 19)	-	1,158
	-	1,158



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**5. OPERATING PROFIT/(LOSS)**

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

	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
Depreciation of tangible fixed assets	1,485	420
Amortisation of intangible assets	76	26
Exchange differences	-	1
Share-based payments	153	58
Operating lease rentals - land and buildings	3,986	3,598
	<u>3,986</u>	<u>3,598</u>

**6. AUDITOR'S REMUNERATION**

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

	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
Fees for the audit of the Company	54	54
	<u>54</u>	<u>54</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**7. EMPLOYEES**

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

	2017 £000	2016 £000
Wages and salaries	42,251	46,867
Social security costs	4,679	4,310
Cost of defined benefit scheme	8,563	7,095
Cost of defined contribution scheme	967	688
	<u>56,460</u>	<u>58,960</u>

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

	2017 No.	2016 No.
Operations	1,339	1,437
Administration	127	143
	<u>1,466</u>	<u>1,580</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**8. 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, Mr M Driver and Mr M D Thompson did not receive any emoluments during the year in respect of their services as a Director of the Company.

Mr C S Ashburn, Ms M Greene and Mr J N M Neilson provide services both to the Company and other Sopra Steria Group companies. The share of their emoluments apportioned to the Company is shown below:

	2017 £000	2016 £000
Directors' emoluments	210	302
Company contributions to defined contribution pension schemes	6	8
Compensation for loss of office	50	-
	266	310
	266	310

During the year retirement benefits were accruing to 2 Directors (2016: 1) in respect of defined contribution pension schemes.

The highest paid Director received remuneration of £153 thousand (2016: £207 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 (2016: £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 (2016: £NIL).

**9. INTEREST RECEIVABLE AND SIMILAR INCOME**

	2017 £000	2016 £000
Bank interest receivable	24	37
Other interest receivable	244	58
	268	95
	268	95

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**10. INTEREST PAYABLE AND SIMILAR EXPENSES**

	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
Loans from group undertakings	<b>1,868</b>	2,266
	<b>1,868</b>	2,266

**11. TAXATION**

	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
<b>CORPORATION TAX</b>		
Current tax on profits for the year	<b>901</b>	(850)
Adjustments in respect of previous periods	<b>50</b>	(168)
<b>TOTAL CURRENT TAX</b>	<b>951</b>	(1,018)
<b>DEFERRED TAX</b>		
Deferred tax - current year	<b>(39)</b>	50
Deferred tax - prior year	<b>(37)</b>	115
<b>TOTAL DEFERRED TAX</b>	<b>(76)</b>	165
<b>TAXATION ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES</b>	<b>875</b>	(853)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**11. TAXATION (CONTINUED)**

**FACTORS AFFECTING TAX CHARGE FOR THE YEAR**

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

	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
Profit/(loss) on ordinary activities before tax	<b>4,446</b>	<b>(3,881)</b>
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.25% (2016: 20%)	<b>856</b>	<b>(776)</b>
<b>EFFECTS OF:</b>		
Expenses not deductible for tax purposes	<b>21</b>	<b>19</b>
Share-based payments	<b>29</b>	<b>12</b>
Tax deductions regarding share schemes	<b>(49)</b>	<b>(45)</b>
Difference in deferred tax rates	<b>5</b>	<b>(10)</b>
Adjustments to tax charge in respect of prior periods	<b>13</b>	<b>(53)</b>
<b>TOTAL TAX CHARGE / (CREDIT) FOR THE YEAR</b>	<b>875</b>	<b>(853)</b>

**FACTORS THAT MAY AFFECT FUTURE TAX CHARGES**

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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017

12. INTANGIBLE ASSETS

	Software £000
<b>COST</b>	
At 1 January 2017	230
At 31 December 2017	230
<b>AMORTISATION</b>	
At 1 January 2017	26
Charge for the year	76
At 31 December 2017	102
<b>NET BOOK VALUE</b>	
At 31 December 2017	128
At 31 December 2016	204

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**13. TANGIBLE FIXED ASSETS**

	Fixtures, fittings and hardware £000
<b>COST</b>	
At 1 January 2017	5,071
Additions	4,543
At 31 December 2017	<u>9,614</u>
<b>DEPRECIATION</b>	
At 1 January 2017	557
Charge for the year on owned assets	1,485
At 31 December 2017	<u>2,042</u>
<b>NET BOOK VALUE</b>	
At 31 December 2017	<u><u>7,572</u></u>
At 31 December 2016	<u><u>4,514</u></u>

**14. INVENTORIES**

	2017 £000	2016 £000
Work in progress	15,573	18,326
	<u>15,573</u>	<u>18,326</u>

The amount of work in progress recognised as an expense in the year was £2,755 thousand (2016: £4,228 thousand).

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**15. DEBTORS**

	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
<b>DUE AFTER MORE THAN ONE YEAR</b>		
Deferred taxation	<b>181</b>	<b>142</b>
	<b>181</b>	<b>142</b>
<b>DUE WITHIN ONE YEAR</b>		
Trade debtors	<b>11,589</b>	<b>20,899</b>
Amounts owed by Group undertakings	<b>6</b>	<b>69</b>
Other debtors	<b>-</b>	<b>1,266</b>
Prepayments and accrued income	<b>104,030</b>	<b>98,383</b>
Tax recoverable	<b>-</b>	<b>937</b>
	<b>115,806</b>	<b>121,696</b>

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

	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
Trade creditors	<b>5,205</b>	<b>2,747</b>
Amounts owed to Group undertakings	<b>4,307</b>	<b>23,998</b>
Corporation tax	<b>901</b>	<b>-</b>
Other taxation and social security	<b>5,606</b>	<b>4,045</b>
Other creditors	<b>573</b>	<b>696</b>
Accruals and deferred income	<b>44,261</b>	<b>62,263</b>
	<b>60,853</b>	<b>93,749</b>



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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

	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
Amounts owed to Group undertakings	<b>50,000</b>	<b>30,000</b>
	<b>50,000</b>	<b>30,000</b>

**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.

**18. DEFERRED TAXATION**

	<b>Accelerated capital allowances £000</b>	<b>Short-term timing differences £000</b>	<b>Total £000</b>
At 1 January 2016	(121)	265	144
Charged to profit or loss	(49)	(108)	(157)
Effect of change in tax rate in the Statement of Comprehensive Income	6	(15)	(9)
At 31 December 2016	(164)	142	(22)

	<b>Accelerated capital allowances £000</b>	<b>Short-term timing differences £000</b>	<b>Total £000</b>
At 1 January 2017	(164)	142	(22)
Credited to profit or loss	37	39	76
<b>At 31 December 2017</b>	<b>(127)</b>	<b>181</b>	<b>54</b>

**Comprising:**

	<b>2017 £000</b>	<b>2016 £000</b>
Deferred tax assets - due after 1 year	<b>181</b>	<b>142</b>
Deferred tax liabilities	<b>(127)</b>	<b>(164)</b>
	<b>54</b>	<b>(22)</b>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**19. PROVISIONS**

	Losses on long-term contracts £000	Restructuring provision £000	Other provisions £000	Total £000
At 1 January 2017	5,857	1,158	100	7,115
Charged to profit or loss	31	-	-	31
Utilised in year	(5,857)	(1,158)	-	(7,015)
<b>AT 31 DECEMBER 2017</b>	<b>31</b>	<b>-</b>	<b>100</b>	<b>131</b>

The Losses on long-term contracts provision related 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 the remaining provision will be used within the next year.

The restructuring provision related to costs expected to be incurred improving efficiency and was fully utilised during the 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.

**20. SHARE CAPITAL**

	2017 £	2016 £
<b>Shares classified as equity</b>		
<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
	<b>1,000</b>	<b>1,000</b>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**21. 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 years.

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

The SIP was originally introduced to employees of the Company in 2013 and the current SIP was introduced in March 2016. For the years ended 31 December 2016 and 2017, a matching level of one matching share for every partnership share purchased was set.

**22. PENSION COMMITMENTS**

As per note 1.15, 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 2017 the amount outstanding in respect of the Company's contribution to the schemes was £490 thousand (2016: £720 thousand). The contributions made in respect of the year ended 31 December 2017 totalled £9,543 thousand (2016: £7,783 thousand).

**23. COMMITMENTS UNDER OPERATING LEASES**

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

	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
Not later than 1 year	2,161	2,846
Later than 1 year and not later than 5 years	3,323	6,438
Later than 5 years	200	-
	<u><b>5,684</b></u>	<u><b>9,284</b></u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**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 2017**

	Sales to related party £000	Purchases from related party £000	Amounts owing by related party £000	Amounts owing to related party £000	Loan owing to related party £000
Sopra Steria Limited	376	66,686	249	4,307	50,000
HM Government Cabinet Office	14,556	-	186	-	-
	<u>14,932</u>	<u>66,686</u>	<u>435</u>	<u>4,307</u>	<u>50,000</u>

Shown within:

Amounts owed by Group undertakings

Trade debtors

Prepayments and accrued income

Amount owed to Group undertakings

6	-	-
186	-	-
243	-	-
-	4,307	50,000
<u>435</u>	<u>4,307</u>	<u>50,000</u>

**Year to 31 December 2016**

	Sales to related party £000	Purchases from related party £000	Amounts owing by related party £000	Amounts owing to related party £000	Loan owing to related party £000
Sopra Steria Limited	166	94,838	398	35,812	30,000
HM Government Cabinet Office	8,474	43	17	-	-
Sopra Steria Group S.A.	-	180	-	91	-
	<u>8,640</u>	<u>95,061</u>	<u>415</u>	<u>35,903</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

69	-	-
17	-	-
329	-	-
-	23,907	30,000
-	11,996	-
<u>415</u>	<u>35,903</u>	<u>30,000</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**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. 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.