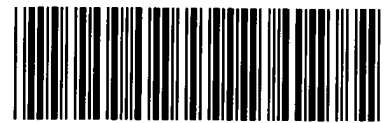


Company Registration No. 08489114 (England and Wales)

**AXELOS LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

THURSDAY



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COMPANIES HOUSE

# AXELOS LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	D C Tierney J T J Steel R P Gray R J McCarthy M R Hunt M R Basham C Karayannis (Appointed 12 March 2020)
<b>Secretary</b>	Capita Group Secretary Limited
<b>Company number</b>	08489114
<b>Registered office</b>	30 Berners Street London England W1T 3LR
<b>Auditor</b>	KPMG LLP 15 Canada Square London E14 5GL
<b>Banker</b>	Barclays Bank PLC 1 Churchill Place London E14 5HP

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# AXELOS LIMITED

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# AXELOS LIMITED

## STRATEGIC REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2019

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The Directors present the Strategic Report and Financial Statements for the year ended 31 December 2019.

#### Review of the business

The principal activity of the Company is that of managing and developing intellectual property around best practice management methodologies and frameworks. The Directors are not aware, at the date of this report, of any likely major changes in the Company's activities in the next year. The Company operated within the Specialist Services Division of Capita plc throughout 2019. From January 2020, the Company was moved to the People Solutions Division of Capita plc.

As shown in the Company's Statement of Comprehensive Income on page 9, the Company's turnover decreased by 1% from £48,118,921 in 2018 to £47,580,800 in 2019, reflecting lower licence revenue in the year. Operating profit decreased by 4% from £26,782,641 in 2018 to £25,667,833 in 2019, reflecting the revenue reduction and increased operational investment.

The Balance Sheet on pages 10-11 of the Financial Statements shows the Company's financial position at the year-end. Net assets have decreased from £95,891,978 in 2018 to £86,873,623 in 2019, following an increase in dividend distributions to the shareholders. Details of amounts owed by/to its parent Company and fellow subsidiary undertakings are shown in notes 11, 13, and 22 to the Financial Statements.

Systems and procedures are in place to identify, assess and mitigate major business risks that could impact the Company. Monitoring exposure to risk and uncertainty is an integral part of the Company's structured management processes.

Trading volumes have been materially impacted by COVID-19 in 2020, however the business continues to trade profitably, generate cash and meet its obligations as they fall due.

#### Principal risks and uncertainties

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

The principal themes of risk for the Company are:

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

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

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

The Board believes Axelos has implemented appropriate controls and risk governance techniques across its businesses.

# AXELOS LIMITED

## STRATEGIC REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 DECEMBER 2019**

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### Section 172 Statement

The following disclosure describes how the Directors have had regard to the matters set out in section 172(1a) to (f) and forms the Directors' statement required under section 414CZA of the Companies Act 2006.

The Directors continue to have regard to the interests of the Company's employees and other stakeholders, including the impact of its activities on the community, the environment and the Company's reputation, when making decisions. Acting in good faith and fairly between members, the Directors consider what is most likely to promote the success of the Company for its members in the long term.

The Directors are fully aware of their responsibilities to promote the success of the Company in accordance with section 172 of the Companies Act 2006.

The Board regularly reviews our principal stakeholders and how we engage with them. The stakeholder voice is brought into the boardroom throughout the annual cycle through information provided by management and also by direct engagement with stakeholders themselves. The relevance of each stakeholder group may increase or decrease depending on the matter or issue in question, so the Board seeks to consider the needs and priorities of each stakeholder group during its discussions and as part of its decision making.

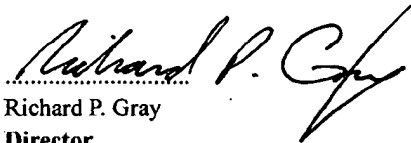
Our shareholders are represented formally by Non-Executive Directors on the Board. Further engagement between Executive management and representatives of its majority shareholder occurs extensively and frequently through monthly operational reviews and other meetings as required.

The Executive Directors continue to enhance methods of engagement with the employees. These include Company-wide events, departmental events, team and project focus groups. Communication takes various forms and is frequent, informative and relevant. We have an Employee Social Committee, with representatives from around the Company, who coordinate a variety of engagement activities spanning learning and development, physical and mental wellbeing, and corporate social responsibility.

We aim to work responsibly with our partners and suppliers. During the year, the Board reviews our Prevention of Modern Slavery Statement which sets out the steps taken to prevent modern slavery in our business and supply chains.

The Board oversees the implementation of measures to ensure that stakeholder interests are always taken into account. The Company Secretary includes a written reminder of the section 172 duty to the Board each year, and will provide support to the Board to help ensure that sufficient consideration is given to stakeholder issues. During the year, the Board reviews our Ethical Code which sets out our commitments on how business should be conducted responsibly and professionally within the Company, with customers and in wider society.

On behalf of the Board

  
Richard P. Gray  
Director

02/06/2020  
.....

# **AXELOS LIMITED**

## **DIRECTORS' REPORT**

### ***FOR THE YEAR ENDED 31 DECEMBER 2019***

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The Directors present their Directors' Report and Financial Statements for the year ended 31 December 2019.

#### **Results and dividends**

The results for the year are set out on page 9.

During the year, the Company paid a dividend of £29,153,000 (2018: £24,793,000).

#### **Directors**

The Directors who held office during the year and up to the date of signature of the Financial Statements were as follows:

D C Tierney

J T J Steel

R P Gray

R J McCarthy

M R Hunt

E Bannerman

(Resigned 31 July 2019)

M R Basham

J D Vincent

(Appointed 31 July 2019 and resigned 12 March 2020)

C Karayannis

(Appointed 12 March 2020)

#### **Auditor**

In accordance with section 487(2) of the Companies Act 2006, the auditor, KPMG LLP, will be deemed to be reappointed and therefore continue in office.

#### **Political donations**

The Company made no political donations and did not incur any political expenditure during the year (2018: £nil).

#### **Human rights**

We aspire to conduct business in a way that values and respects the human rights of all our stakeholders. Our Human Rights Policy details our commitments to upholding the principles of human rights, as set out in the UN Declaration of Human Rights and the International Labour Organisation Core Labour Principles. We comply with all relevant legislation, including the UK Modern Slavery Act, which is detailed further online.

# AXELOS LIMITED

## DIRECTORS' REPORT (CONTINUED)

*FOR THE YEAR ENDED 31 DECEMBER 2019*

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### Statement of 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 they have elected to prepare the Financial Statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

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

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

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

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of Financial Statements may differ from legislation in other jurisdictions.

### Statement of disclosure to auditor

So far as each person who was a Director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the Company's auditor is unaware. Having made inquiries of fellow Directors and the Company's auditor, each Director has taken all the steps he/she might reasonably be expected to take as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

# AXELOS LIMITED

## DIRECTORS' REPORT (CONTINUED)

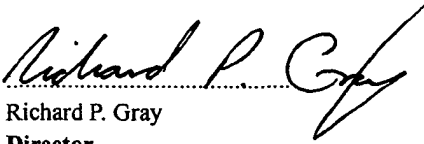
*FOR THE YEAR ENDED 31 DECEMBER 2019*

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### Qualifying third party indemnity provisions

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

On behalf of the Board



Richard P. Gray  
Director

02/06/2020

Registered Office:  
30 Berners Street  
London  
England  
W1T 3LR

# AXELOS LIMITED

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AXELOS LIMITED

---

We have audited the Financial Statements of Axelos Limited (“the Company”) for the year ended 31 December 2019 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the Financial Statements:

- give a true and fair view of the state of the Company’s affairs as at 31 December 2019 and of its Profit for the period then ended
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### **Going concern**

The Directors have prepared the Financial Statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company’s financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the Financial Statements (“the going concern period”).

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the Financial Statements. In our evaluation of the Directors’ conclusions, we considered the inherent risks to the Company’s business model and analysed how those risks might affect the Company’s financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor’s report is not a guarantee that the Company will continue in operation.

# **AXELOS LIMITED**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF AXELOS LIMITED**

---

#### **Strategic Report and Directors' Report**

The Directors are responsible for the strategic report and the Directors' report. Our opinion on the Financial Statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the Directors' report and, in doing so, consider whether, based on our Financial Statements audit work, the information therein is materially misstated or inconsistent with the Financial Statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the Directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the Financial Statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

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

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

#### **Directors' responsibilities**

As explained more fully in their 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; such internal control as they determine is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities**

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

# AXELOS LIMITED

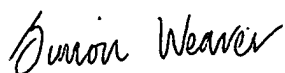
## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBERS OF AXELOS LIMITED

---

#### The purpose of our audit work and to whom we owe our responsibilities

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.



**Simon Weaver (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditors**

*Chartered Accountants*

15 Canada Square

London

E14 5GL

2 June 2020

# AXELOS LIMITED

## STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2019

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	Notes	2019 £	2018 £
Revenue	3	47,580,800	48,118,921
Cost of sales		(5,007,858)	(6,210,937)
<b>Gross profit</b>		<b>42,572,942</b>	<b>41,907,984</b>
Administrative expenses		(16,905,109)	(15,125,343)
<b>Operating profit</b>	4	<b>25,667,833</b>	<b>26,782,641</b>
Net finance costs	5	(857,590)	(1,321,390)
<b>Profit before tax</b>		<b>24,810,243</b>	<b>25,461,251</b>
Income tax charge	6	(4,675,598)	(4,508,805)
<b>Total comprehensive income for the year</b>		<b>20,134,645</b>	<b>20,952,446</b>

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The notes on pages 13 to 31 form an integral part of the Financial Statements.

The Statement of Comprehensive Income has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the Statement of Comprehensive Income.

# AXELOS LIMITED

## BALANCE SHEET

AS AT 31 DECEMBER 2019

	Notes	2019 £	2018 £
<b>Non-current assets</b>			
Property, plant and equipment	8	64,451	112,962
Intangible assets	9	94,509,981	100,588,036
Contract fulfilment assets	10	200,279	300,419
		<u>94,774,711</u>	<u>101,001,417</u>
<b>Current assets</b>			
Contract fulfilment assets	10	100,140	100,140
Trade and other receivables	11	5,181,931	5,247,140
Cash	12	37,279,840	48,704,267
		<u>42,561,911</u>	<u>54,051,547</u>
<b>Total assets</b>		<u>137,336,622</u>	<u>155,052,964</u>
<b>Current liabilities</b>			
Trade and other payables	13	5,953,124	3,747,287
Deferred income	14	758,612	669,489
Financial liabilities	15	9,400,000	9,400,000
Income tax payable		4,355,678	7,041,676
		<u>20,467,414</u>	<u>20,858,452</u>
<b>Non-current liabilities</b>			
Deferred income	14	1,200,000	1,800,000
Financial liabilities	15	26,085,856	34,121,015
Deferred tax	6	2,709,729	2,381,519
		<u>29,995,585</u>	<u>38,302,534</u>
<b>Total liabilities</b>		<u>50,462,999</u>	<u>59,160,986</u>
<b>Net assets</b>		<u>86,873,623</u>	<u>95,891,978</u>

# AXELOS LIMITED

## BALANCE SHEET (CONTINUED)

AS AT 31 DECEMBER 2019

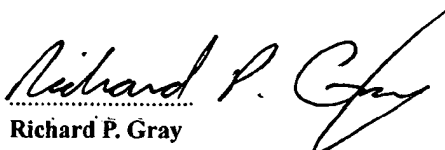
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	Notes	2019 £	2018 £
<b>Capital and reserves</b>			
Issued share capital	16	1	1
Share premium		74,939,134	74,939,134
Retained earnings		11,934,488	20,952,843
<b>Total equity</b>		<b>86,873,623</b>	<b>95,891,978</b>

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The notes on pages 13 to 31 form an integral part of the Financial Statements.

Approved by the Board and authorised for issue on 02/06/2020.....

  
Richard P. Gray  
Director

Company Registration No. 08489114

# AXELOS LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2019

	Share capital	Share premium	Retained earnings	Total equity
	£	£	£	£
At 1 January 2018	1	74,939,134	24,793,397	99,732,532
Profit for the year	-	-	20,952,446	20,952,446
<b>Total comprehensive income for the year</b>	-	-	<b>20,952,446</b>	<b>20,952,446</b>
Equity dividends paid	-	-	(24,793,000)	(24,793,000)
At 31 December 2018	1	74,939,134	20,952,843	95,891,978
Profit for the year	-	-	20,134,645	20,134,645
<b>Total comprehensive income for the year</b>	-	-	<b>20,134,645</b>	<b>20,134,645</b>
Equity dividends paid	-	-	(29,153,000)	(29,153,000)
At 31 December 2019	1	74,939,134	11,934,488	86,873,623

### Share capital

The balance classified as share capital is the nominal proceeds on issue of the Company's equity share capital, comprising 100 ordinary shares of 1p each.

### Share premium

The amount paid to the Company by shareholders, in cash or other consideration, over and above the nominal value of shares issued to them.

### Retained earnings

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

# AXELOS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2019

---

#### 1 Accounting policies

##### 1.1 Basis of preparation

Axelos Limited is a Company incorporated and domiciled in the UK.

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

Covid-19 has had a material impact on trading volumes in 2020. However, the Company continues to trade profitably and generate positive cash flow. Long-range forecasts have been modelled assessing the impact of a sustained downturn which presents that the Company still has sufficient financial resources and the Directors believe that the Company is well placed to manage its business risks successfully. Together with long-standing relationships with clients and suppliers, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the accounts.

##### 1.2 Compliance with accounting standards

The Company has prepared and presented these Financial Statements by applying the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs") but made amendments, where necessary, in order to comply with the Companies Act 2006. The Company has applied FRS 101 - Reduced Disclosure Framework in the preparation of its Financial Statements, and these are contained on pages 9 to 31.

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

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

- A cash flow statement and related notes;
- Comparative period reconciliations for share capital, property, plant and equipment and intangible assets;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- Certain disclosures as required by IFRS 15 Revenue from Contracts with Customers;
- Certain disclosures as required by IFRS 16 Leases; and
- Disclosures in respect of the compensation of key management personnel.

As the consolidated Financial Statements of Capita plc include equivalent disclosures, the Company has also taken the disclosure exemptions under FRS 101 available in respect of the disclosures required by IAS 36 Impairments of assets in respect of the impairment of goodwill and indefinite life intangible assets, IFRS 13 Fair Value Measurement and IFRS 7 Financial Instruments Disclosures.

##### 1.3 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except for the adoption of IFRS 16 Leases, annual improvements to IAS 12 Income Taxes and IAS 23 Borrowing Costs, and IFRIC23 Uncertainty over Income Tax Treatments.

The adoption of the above changes has not had a material impact on the Financial Statements of the Company.

# AXELOS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

---

### 1 Accounting policies

(Continued)

#### 1.4 Revenue recognition

Revenue is earned within the United Kingdom. The Company operates globally.

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

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

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

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

##### *Principal versus agent*

The Company has arrangements with some of its customers, whereby it needs to determine if it acts as a principal or an agent as more than one party is involved in providing the goods and services to the customer. The Company acts as a principal if it controls a promised good or service before transferring that good or service to the customer. The Company is an agent if its role is to arrange for another entity to provide the goods or services.

Where the Company is acting as a principal, revenue is recorded on gross basis. Where the Company is acting as an agent, revenue is recorded at a net amount reflecting the margin earned.

##### *Contract fulfilment assets*

Contract fulfilment costs are divided into (i) costs that give rise to an asset; and (ii) costs that are expensed as incurred.

When determining the appropriate accounting treatment for such costs, the Company firstly considers any other applicable standards. If those other standards preclude capitalisation of a particular cost, then an asset is not recognised under IFRS 15.

##### *Utilisation, derecognition and impairment of contract fulfilment assets*

The Company utilises contract fulfilment assets over the expected contract period using a systematic basis that mirrors the pattern in which the Company transfers control of the service to the customer. The utilisation charge is included within administrative expenses.

A contract fulfilment asset or capitalised costs to obtain a contract is derecognised either when it is disposed of or when no further economic benefits are expected to flow from its use or disposal.

Where the relevant contracts or specific performance obligations are demonstrating marginal profitability or other indicators of impairment, judgement is required in ascertaining whether or not the future economic benefits from these contracts are sufficient to recover these assets. In performing this impairment assessment, management is required to make an assessment of the costs to complete the contract.

# AXELOS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

---

### 1 Accounting policies

(Continued)

#### 1.4 Revenue recognition (continued)

##### *Deferred and accrued income*

Payments for transactional goods and services may be at delivery date, in arrears or part payment in advance. Where payments made are greater than the revenue recognised at the period end date, the Company recognises a deferred income contract liability for this difference. Where payments made are less than the revenue recognised at the period end date, the Company recognises an accrued income contract asset for this difference.

#### 1.5 Goodwill

Goodwill is stated at cost less any accumulated impairment losses. It is not amortised but is tested annually for impairment. This is not in accordance with The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, which requires that all goodwill be amortised. The Directors consider that this would fail to give a true and fair view of the profit for the year and that the economic measure of performance in any period is properly made by reference only to any impairment that may have arisen. It is not practicable to quantify the effect on the Financial Statements of this departure.

#### 1.6 Intangible assets

Capitalised development is valued at cost less accumulated amortisation. Amortisation is calculated to write off the cost in equal annual instalments over their estimated useful life, which is typically 5 years. Research expenditure is written off to the Statement of Comprehensive Income in the period in which it is incurred. All amortisation expenditure is charged to administrative expenses within the Statement of Comprehensive Income. Development expenditure is written off in the same way unless the Company is satisfied as to the technical, commercial and financial viability of individual projects.

The Directors have deemed it appropriate to amortise acquired intellectual property over a 10-year period. Intellectual property is generally refreshed on average every 7 to 10 years, with the assets continuing to generate a return post the 10-year period. Internally developed intangibles are amortised over a 5-year period.

#### 1.7 Property, plant and equipment

Property, plant and equipment is stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Leasehold improvement	over the period of the lease
Fixtures, fittings equipment	4-5 years
Computer equipment	3-5 years

# AXELOS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

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### 1 Accounting policies

(Continued)

#### 1.8 Leasing

The Company has only leases with low value and/or a term of 12 months or less. This includes property arrangements in which the Company does not enter into any legal lease agreement nor lease liability. Instead, the Company uses properties owned or leased by other Capita entities and bears an allocation of costs through an intercompany recharge.

The Company has applied the exemption in the standard, and recognised these costs as an expense in the Statement of Comprehensive Income as incurred.

#### 1.9 Taxation

Tax on the profit or loss for year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income except to the extent that it relates to items recognised directly in equity or other comprehensive income.

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

Deferred tax is provided, using the liability method, on all temporary differences at the Balance Sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences:

- except where the deferred tax liability arises from the initial recognition of goodwill;
- except where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax assets and unused tax losses can be utilised.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the Balance Sheet date.

# AXELOS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2019

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#### 1 Accounting policies

(Continued)

##### 1.10 Pensions

The Company participates in a defined contribution scheme and contributions are charged to the Statement of Comprehensive Income in the year in which they are due. The scheme is funded, and contributions are paid to separately administered funds. The assets of these schemes are held separately from the Company. The Company remits monthly pension contributions to Capita Business Services Limited ("CBSL"), a fellow subsidiary undertaking, which pays the Capita Group liability centrally. Any unpaid contributions at the year-end have been accrued in the accounts of Capita Business Services Limited.

The Company also has employees who are members of a defined benefit scheme operated by the Capita Group: the Capita Pension & Life Assurance Scheme (the "Capita DB Scheme").

The Capita DB Scheme closed to future accrual of benefit on 30 November 2017 for the majority of active members, where these members were subsequently offered membership of the Group's principal defined contribution scheme. However, there remain employees of the Company accruing benefits on a defined benefit basis in the Capita DB Scheme.

As there is no contractual agreement or stated Group policy for charging the net defined benefit cost of the Capita DB Scheme to participating entities, the net defined benefit cost of the Capita DB Scheme is recognised fully by CBSL as the principal employer. The Company then recognises a cost equal to its contribution paid during the period. The contributions payable by the participating entities are determined on the following basis:

- i. The Capita DB Scheme provides benefits on a defined benefit basis funded from assets held in a separate trustee-administered fund;
- ii. The Capita DB Scheme is a non-segregated scheme but there are around 200 different sections in the scheme where each section provides benefits on a particular basis (some based on final salary, some based on career average earnings) to particular groups of employees;
- iii. At each funding assessment of the Capita DB Scheme (carried out triennially), the contribution rates for all those sections where there are remaining active members are calculated. These are then rationalised such that sections with similar employer contribution rates (when expressed as a percentage of pensionable pay) are grouped together and an average employer contribution rate for each of the rationalised groups calculated; and
- iv. The Company's contribution is consequently calculated by applying the appropriate average employer contribution rate to the pensionable pay of its employees participating in the Capita DB Scheme.

A full funding assessment of the Capita DB Scheme is carried out every three years by an independent qualified actuary for the Trustee of the scheme, with the last full assessment carried out at 31 March 2017. The next scheme funding assessment is being carried out with an effective date of 31 March 2020.

##### 1.11 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the Balance Sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to Statement of Comprehensive Income.

##### 1.12 Financial instruments

###### Financial assets

The Company holds financial assets in the form of trade receivables, cash and cash equivalents and applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the financial assets.

# AXELOS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

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### 1 Accounting policies

(Continued)

#### 1.13 Impairment of non-financial assets

At each reporting date, the Company assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Company makes a formal estimate of the asset's recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. The recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use is determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

### 2 Significant accounting judgements, estimates and assumptions

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

The key sources of estimation uncertainty that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are the measurement and impairment of goodwill, the estimated useful lives of intangible assets, and other intangibles. The measurement of intangible assets other than goodwill on a business combination involves estimation of future cash flows and the selection of a suitable discount rate. The Company determines whether goodwill is impaired on an annual basis and thus requires an estimation of the value in use of the cash-generating units to which the intangible assets are allocated. This involves estimation of future cash flows and choosing a suitable discount rate.

### 3 Revenue

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

# AXELOS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

### 4 Operating profit

	Notes	2019 £	2018 £
Operating profit for the year is stated after charging/(crediting):			
Net foreign exchange (gains)/loss		(6,854)	2,630
Depreciation of property, plant and equipment	8	52,373	75,392
Capitalised development written off		399,269	-
Amortisation of intangible assets	9	7,749,323	7,659,553
Contract fulfilment asset utilisation	10	100,140	154,871
Operating lease rentals - plant and machinery		-	2,656
Operating lease rentals - land and building		-	669,486

Audit fees are borne by the ultimate parent undertaking, Capita plc. The audit fee for the current period was £16,995 (2018: £16,900). The Company has taken advantage of the exemption provided by regulations 6(2)(b) of The Companies (Disclosure of Auditor Remuneration and Liability Limitation Agreements) Regulations 2008 not to provide information in respect of fees for other (non-audit) services as this information is required to be given in the Company accounts of the ultimate parent undertaking, which it is required to prepare in accordance with the Companies Act 2006.

Operating lease rentals in 2018 included property arrangements in which the Company did not enter into any legal lease agreement nor lease liability. Instead, the Company uses properties owned or leased by other Capita entities and bears an allocation of costs through an intercompany recharge. In 2019 these costs continue to be expensed as incurred in the Statement of Comprehensive Income. However, on adoption of IFRS 16 the Company has not disclosed specific amounts.

### 5 Net finance costs

	2019 £	2018 £
Other interest income	(507,251)	(352,495)
Discount unwind on contingent settlement debt	1,364,841	1,673,885
<b>Net finance costs</b>	<b>857,590</b>	<b>1,321,390</b>

# AXELOS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

### 6 Income tax

The major components of income tax expense for the years ended 31 December 2019 and 2018 are as follows:

	2019 £	2018 £
<b>Current tax</b>		
UK corporation tax	4,355,696	4,378,241
Adjustments in respect of prior periods	(8,308)	(342,107)
	<u>4,347,388</u>	<u>4,036,134</u>
<b>Deferred tax</b>		
Origination and reversal of temporary differences	327,780	414,903
Adjustment in respect of prior periods	430	57,768
	<u>328,210</u>	<u>472,671</u>
<b>Total tax charge reported in the Statement of Comprehensive Income</b>	<u><u>4,675,598</u></u>	<u><u>4,508,805</u></u>

The reconciliation between tax charge and the accounting profit multiplied by the UK corporation tax rate for the years ended 31 December 2019 and 2018 is as follows:

	2019 £	2018 £
<b>Profit before tax</b>	<u>24,810,243</u>	<u>25,461,251</u>
Profit before taxation multiplied by standard rate of corporation tax in the UK of 19% (2018: 19%)	<u>4,713,946</u>	<u>4,837,637</u>
Taxation impact of factors affecting the tax charge:		
Adjustments in respect of current income tax of prior periods	(8,308)	(342,107)
Adjustments in respect of deferred tax of prior periods	430	57,768
Expenses not deductible for tax purposes	8,092	4,319
Impact of changes in statutory tax rates	(38,562)	(48,812)
<b>Total adjustments</b>	<u>(38,348)</u>	<u>(328,832)</u>
<b>Total tax charge reported in the Statement of Comprehensive Income</b>	<u><u>4,675,598</u></u>	<u><u>4,508,805</u></u>

# AXELOS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

### 6 Income tax (Continued)

	Balance sheet		Statement of Comprehensive Income	
	2019	2018	2019	2018
	£	£	£	£
<b>Deferred tax liabilities</b>				
Accelerated capital allowances	2,886,829	2,558,619	328,210	426,922
Other short-term timing differences	(177,100)	(177,100)	-	45,749
<b>Net deferred tax liability</b>	<b>2,709,729</b>	<b>2,381,519</b>		
<b>Deferred tax charge</b>			<b>328,210</b>	<b>472,671</b>

#### Deferred tax

A reduction in the UK corporation tax rate from 19% to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2016, and the UK deferred tax asset/(liability) as at 31 December 2019 has been calculated based on this rate. On the 11 March 2020 Budget it was announced that the UK tax rate will remain at the current 19% and not reduce to 17% from 1 April 2020. This will have a consequential effect on the company's future tax charge. If this rate change had been substantively enacted at the current balance sheet date the deferred tax liability would have increased by £318,791.

7 Dividend paid	2019	2018
	£	£
Final for 2019 paid: £291,530 per share (2018: £247,930 per share)	29,153,000	24,793,000
<b>Total dividend paid</b>	<b>29,153,000</b>	<b>24,793,000</b>

# AXELOS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

### 8 Property, plant and equipment

	Leasehold improvements	Fixtures, fittings equipment	Computer equipment	Total
	£	£	£	£
<b>Cost</b>				
At 31 December 2018	92,929	34,000	106,916	233,845
Additions	-	-	3,862	3,862
Asset retirement	(18,464)	(9,065)	-	(27,529)
<b>At 31 December 2019</b>	<b>74,465</b>	<b>24,935</b>	<b>110,778</b>	<b>210,178</b>
<b>Depreciation and impairment</b>				
At 31 December 2018	73,925	27,730	19,228	120,883
Depreciation	15,870	5,681	30,822	52,373
Asset retirement	(18,464)	(9,065)	-	(27,529)
<b>At 31 December 2019</b>	<b>71,331</b>	<b>24,346</b>	<b>50,050</b>	<b>145,727</b>
<b>Net book value</b>				
At 31 December 2018	<b>19,004</b>	<b>6,270</b>	<b>87,688</b>	<b>112,962</b>
At 31 December 2019	<b>3,134</b>	<b>589</b>	<b>60,728</b>	<b>64,451</b>

### 9 Intangible fixed assets

	Acquired Intellectual Property	Capitalised Development	Goodwill	Total
	£	£	£	£
<b>Cost</b>				
At 31 December 2018	61,340,510	7,817,222	65,761,451	134,919,183
Additions	-	2,070,537	-	2,070,537
Asset retirement	-	(2,259,784)	-	(2,259,784)
<b>At 31 December 2019</b>	<b>61,340,510</b>	<b>7,627,975</b>	<b>65,761,451</b>	<b>134,729,936</b>
<b>Amortisation and impairment</b>				
At 31 December 2018	30,670,255	3,660,892	-	34,331,147
Amortisation	6,134,051	1,615,272	-	7,749,323
Asset retirement	-	(1,860,515)	-	(1,860,515)
<b>At 31 December 2019</b>	<b>36,804,306</b>	<b>3,415,649</b>	<b>-</b>	<b>40,219,955</b>
<b>Net book value</b>				
At 31 December 2018	<b>30,670,255</b>	<b>4,156,330</b>	<b>65,761,451</b>	<b>100,588,036</b>
At 31 December 2019	<b>24,536,204</b>	<b>4,212,326</b>	<b>65,761,451</b>	<b>94,509,981</b>

# AXELOS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

### 10 Contract fulfilment assets

	Non-current £	Current £	Total £
<b>Cost</b>			
At 31 December 2018	300,419	100,140	400,559
Utilised during the year	-	(100,140)	(100,140)
Reclassification	(100,140)	100,140	-
<b>At 31 December 2019</b>	<b>200,279</b>	<b>100,140</b>	<b>300,419</b>
<b>Net book value</b>			
At 31 December 2019	200,279	100,140	300,419
At 31 December 2018	300,419	100,140	400,559

### 11 Trade and other receivables

Current	2019 £	2018 £
Trade receivables	4,771,508	5,054,816
Accrued income	385,479	122,744
Prepayments	-	55,670
VAT recoverable	22,237	13,910
Amounts due from parent & fellow subsidiary undertaking	2,707	-
	<b>5,181,931</b>	<b>5,247,140</b>

### 12 Cash

	2019 £	2018 £
Cash at bank and in hand	37,279,840	48,704,267
	<b>37,279,840</b>	<b>48,704,267</b>

# AXELOS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

### 13 Trade and other payables

<b>Current</b>	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Trade payables	959,301	517,515
Other payables	2,668	100
Accruals	4,319,297	2,822,514
Amounts due to parent and fellow subsidiary undertaking	671,858	407,158
	<u>5,953,124</u>	<u>3,747,287</u>

### 14 Deferred income

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
<b>Current</b>		
Deferred income	758,612	669,489
	<u>758,612</u>	<u>669,489</u>
<b>Non-current</b>		
Deferred income	1,200,000	1,800,000
	<u>1,200,000</u>	<u>1,800,000</u>

### 15 Financial liabilities

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
<b>Current</b>		
Deferred consideration payable	9,400,000	9,400,000
	<u>9,400,000</u>	<u>9,400,000</u>
<b>Non-current</b>		
Deferred consideration payable	26,085,856	34,121,015
	<u>26,085,856</u>	<u>34,121,015</u>

The deferred consideration payable is due to be paid in equal instalments from 2018 to 2023. These payments are contingent on the profits of the entity. The balance as at 31 December represents the present value of those payments. Interest is recognised in the Statement of Comprehensive Income each year representing the unwinding of the discount applied.

# AXELOS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

### 16 Issued share capital

	2019	2018	2019	2018
	Numbers	Numbers	£	£
<b>Allotted, called up and fully paid</b>				
Ordinary A shares of 1p each	49	49	0.49	0.49
Ordinary B shares of 1p each	51	51	0.51	0.51
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>At 31 December</b>	<b>100</b>	<b>100</b>	<b>1</b>	<b>1</b>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

### 17 Employees

#### Number of employees

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

	2019	2018
	Number	Number
Sales	11	18
Administration	28	33
Operations	58	53
	<u>          </u>	<u>          </u>
	<b>97</b>	<b>104</b>
	<u>          </u>	<u>          </u>

	2019	2018
	£	£
<b>Employee costs</b>		
Wages and salaries	6,614,052	6,922,450
Social security costs	683,925	786,144
Pension costs	298,313	131,786
	<u>          </u>	<u>          </u>
	<b>7,596,290</b>	<b>7,840,380</b>
	<u>          </u>	<u>          </u>

# AXELOS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2019

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#### 18 Employee benefits

The Company participates in both defined benefit and defined contribution pension schemes.

Contributions in respect of the defined contribution schemes payable by the Company during the year amounted to £285,696 (2018: £131,903).

The Company has current and former employees who are members of the Capita Pension and Life Assurance Scheme (the "Capita DB Scheme"), a defined benefit scheme.

The Capita DB Scheme is a non-segregated scheme but there are around 200 different sections in the scheme where each section provides benefits on a particular basis (some based on final salary, some based on career average earnings) to particular groups of employees.

The Capita DB Scheme closed to future accrual of benefit on 30 November 2017 for the majority of active members. However, there remain employees of the Company accruing benefits on a defined benefit basis in the Scheme.

The pension charge for the Company in relation to the Capita DB Scheme for the year was £12,617 (2018: £11,177).

A full funding assessment of the Capita DB Scheme is carried out every three years by an independent actuary for the Trustee, with the last full assessment carried out with an effective date of 31 March 2017. Amongst the main purposes of the assessment is to agree a contribution plan such that the pension scheme has sufficient assets available to meet future benefit payments, based on assumptions agreed between the Trustee and the Principal Employer (Capita Business Services Limited, a fellow subsidiary undertaking). The 31 March 2017 assessment showed a funding deficit of £185m (31 March 2014: £1.4m). This equates to a funding level of 86.1% (31 March 2014: 99.8%).

As a result of the funding assessment, the Principal Employer and the Trustee agreed the payment of additional contributions totalling £176m between November 2018 and 2021 with the intention of removing the deficit calculated as at 31 March 2017 by 2021.

In addition, the Principal Employer agreed an average employer contribution rate of 28.1% (excluding employee contributions made as part of a salary sacrifice arrangement) towards the expected cost of benefits accruing.

The next full funding assessment is being carried out with an effective date of 31 March 2020.

The Capita DB Scheme is a multi-employer pension scheme and the Company is a participating employer. As such a Section 75 debt (which is a statutory debt due from a participating employer to the trustees of a defined benefit pension scheme which is in deficit) could be triggered on:

- A participating employer ceasing to employ any active members and other group companies continuing to do so;
- A participating employer leaving a multi-employer defined benefit pension scheme;
- The insolvency of a participating employer; or
- The winding-up of a scheme.

Currently, the Section 75 debt is assessed by reference to a buy-out basis (i.e. an estimate of what it would cost to insure the benefits with an external insurance company). The amount would be payable to the Trustee of the Capita DB Scheme unless an alternative arrangement were agreed. In the event that it fell due, the actual Section 75 debt would depend on: when it was triggered and the relevant liability data at that time; market conditions and Section 75 assumptions at that time; as well as the size of the total liabilities and assets in the Capita DB Scheme as a whole.

For the purpose of the consolidated accounts of Capita Plc, an independent qualified actuary projected the results of the 31 March 2017 funding assessment to 31 December 2019 taking account of the relevant accounting requirements.

# AXELOS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

(Continued)

### 18 Employee benefits

The principal assumptions for the valuations at 31 December 2019 were as follows: rate of increase in the RPI/CPI price inflation - 3.0% pa/2.0% pa (2018: 3.2% pa/2.2% pa); rate of salary increase - 3.0% pa (2018: 3.2% pa); rate of increase for pensions in payment (where RPI inflation capped at 5% pa applies) - 2.95% pa (2018: 3.1% pa); discount rate - 2.05% pa (2018: 2.85% pa).

The Capita DB Scheme assets at fair value at 31 December 2019 totalled £1,353.1m (2018: £1,136.0m). The actuarially assessed value of Capita DB Scheme liabilities at 31 December 2019 was £1,585.9m (2018: £1,342.7m) indicating that the Capita DB Scheme had a net liability of £232.8m (2018: net liability of £206.7m). These figures are quoted gross of deferred tax. The full disclosure is available in the consolidated accounts of Capita plc.

For the purpose of these accounts, this Company's interest in the Capita DB Scheme is reported on a defined contribution basis recognising a cost equal to its contributions paid over the period.

### 19 Directors' remuneration

	2019	2018
	£	£
Remuneration for qualifying services	1,285,028	1,299,993
Pension contributions to defined contribution schemes	26,888	19,410
	<u>1,311,916</u>	<u>1,319,403</u>
	2019	2018
	£	£
Remuneration disclosed above include the following amounts paid to the highest-paid Director:		
Remuneration for qualifying services	709,499	773,964
Pension contributions to defined contribution schemes	2,800	-
	<u>712,299</u>	<u>773,964</u>

There were 3 Directors paid by Axelos Limited. The remaining Directors have not provided qualifying services to the Company and are paid by other companies related to the shareholders. Such remuneration, including reimbursement of expenses incurred by them, has not been allocated to the Company. The number of Directors whose remuneration was borne by another Capita entity in 2019 is 3 (2018: 4) and The Cabinet Office is 2 (2018: 3).

The figures disclosed are inclusive of LTIP amounts.

The aggregate of the amount of money paid to or receivable by Directors employed by the Company, under long-term incentives schemes in respect of qualifying services in the year ended 31 Dec 2019 was £481,374 (2018: £381,973). LTIP amounts disclosed include Employer's NI.

# AXELOS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

*FOR THE YEAR ENDED 31 DECEMBER 2019*

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### **20 Controlling party**

The Company is controlled by its immediate parent undertaking, Capita Business Services Limited, a Company incorporated in England and Wales with a holding of 51%.

The Company's ultimate parent undertaking of Capita Business Services Limited is Capita plc, a Company incorporated in England and Wales. The accounts of Capita plc are available from the registered office at 30 Berners Street, London, England, W1T 3LR.

The Solicitor for the Affairs of Her Majesty's Treasury holds the remaining 49% of the shares.

### **21 Post Balance Sheet events**

Pursuant to section 288 of the Companies Act 2006, the Company via a special resolution on 28 January 2020 has reduced the Share Premium account by £64,939,134 and has been credited to the Company's Retained Earnings.

Similar to many businesses, Covid-19 has had a material impact on trading volumes in 2020. However, the company continues to trade profitably and generate positive cash flow. Long-range forecasts have been modelled assessing the impact of a sustained downturn. The carrying value of tangible and intangible assets are not materially affected and the going concern assumption is considered to remain appropriate.

# AXELOS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

### 22 Related party transactions

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year:

Nature of Transaction	Name of Company	Year	Holding Company	Fellow Subsidiary	Total
<b>Purchase of Goods/Services</b>					
	Capita plc	December 31, 2019	247,306	-	247,306
		December 31, 2018	65,398	-	65,398
	Capita Business Services Limited	December 31, 2019	2,076,946	-	2,076,946
		December 31, 2018	2,142,022	-	2,142,022
	Capita Resourcing Limited	December 31, 2019	-	163,649	163,649
		December 31, 2018	-	333,200	333,200
	Capita Customer Management Limited	December 31, 2019	-	-	-
		December 31, 2018	-	14	14
	Capita Travel and Events Limited	December 31, 2019	-	710,344	710,344
		December 31, 2018	-	694,994	694,994
	Brightwave Limited	December 31, 2019	-	-	-
		December 31, 2018	-	2,680	2,680
	Knowledgepool Group Limited	December 31, 2019	-	81,231	81,231
		December 31, 2018	-	100,891	100,891
	Fire Service College Limited	December 31, 2019	-	-	-
		December 31, 2018	-	220	220
	Capita Property and Infrastructure Limited	December 31, 2019	-	1,243	1,243
		December 31, 2018	-	-	-
	Capita IT Services Limited	December 31, 2019	-	409	409
		December 31, 2018	-	2,748	2,748
	Capita Workplace Technology Limited	December 31, 2019	-	10,081	10,081
		December 31, 2018	-	16,602	16,602
	The Write Research Company Limited	December 31, 2019	-	-	-
		December 31, 2018	-	1,050	1,050
	Thirty Three LLP	December 31, 2019	-	-	-
		December 31, 2018	-	50,702	50,702
	Capita Translation & Interpreting Limited	December 31, 2019	-	24,335	24,335
		December 31, 2018	-	51,791	51,791

# AXELOS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

### 22 Related party transactions

(Continued)

Nature of Transaction	Name of Company	Year	Holding Company	Fellow Subsidiaries	Total
<b>Purchase of Goods/Services</b>					
	Updata Infrastructure (UK) Limited	December 31, 2019	-	360	360
		December 31, 2018	-	360	360
	Voice Marketing Limited	December 31, 2019	-	-	-
		December 31, 2018	-	53,486	53,486
	Western Mortgage Services Limited	December 31, 2019	-	-	-
		December 31, 2018	-	440	440
	TrustMarque Solutions Limited	December 31, 2019	-	113,123	113,123
		December 31, 2018	-	3,531	3,531
	Computerland UK Ltd	December 31, 2019	-	-	-
		December 31, 2018	-	10	10
	Capita Life and Pensions Services Limited	December 31, 2019	-	31,730	31,730
		December 31, 2018	-	-	-
	Capita International Limited	December 31, 2019	-	592	592
		December 31, 2018	-	-	-
	Capita Life and Pensions Regulated Services Limited	December 31, 2019	-	177,949	177,949
		December 31, 2018	-	-	-
	Capita Managed IT Solutions Limited	December 31, 2019	-	193	193
		December 31, 2018	-	-	-
	Thirty Three USA Inc.	December 31, 2019	-	204	204
		December 31, 2018	-	-	-
	<b>Total</b>	<b>December 31, 2019</b>	<b>2,324,252</b>	<b>1,315,443</b>	<b>3,639,695</b>
		<b>December 31, 2018</b>	<b>2,207,420</b>	<b>1,312,719</b>	<b>3,520,139</b>
<b>Sales of Goods/Services</b>					
	Capita plc	December 31, 2019	146,280	-	146,280
		December 31, 2018	146,280	-	146,280
	<b>Total</b>	<b>December 31, 2019</b>	<b>146,280</b>	<b>-</b>	<b>146,280</b>
		<b>December 31, 2018</b>	<b>146,280</b>	<b>-</b>	<b>146,280</b>

# AXELOS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2019

#### 22 Related party transactions

(Continued)

The closing balances of accounts with Related Parties are as follows:

Nature of Transaction	Name of Company	Year	Holding Company	Fellow Subsidiary	Total
<b>Net balances</b>					
	Capita plc	December 31, 2019	(143,951)	-	(143,951)
		December 31, 2018	(6,099)	-	(6,099)
	Capita Business Services Limited	December 31, 2019	(344,874)	-	(344,874)
		December 31, 2018	(241,240)	-	(241,240)
	TrustMarque Solutions Limited	December 31, 2019	-	(53,816)	(53,816)
		December 31, 2018	-	(3,531)	(3,531)
	Capita Resourcing Limited	December 31, 2019	-	(24,264)	(24,264)
		December 31, 2018	-	(22,890)	(22,890)
	Capita Travel and Events Limited	December 31, 2019	-	(1,852)	(1,852)
		December 31, 2018	-	(110,053)	(110,053)
	Capita IT Services Limited	December 31, 2019	-	(34)	(34)
		December 31, 2018	-	(149)	(149)
	Capita Workplace Technology Limited	December 31, 2019	-	2,707	2,707
		December 31, 2018	-	(3,332)	(3,332)
	Knowledgepool Group Limited	December 31, 2019	-	(4,145)	(4,145)
		December 31, 2018	-	(13,398)	(13,398)
	Capita Life and Pensions Regulated Services Limited	December 31, 2019	-	(37,638)	(37,638)
		December 31, 2018	-	-	-
	Capita Life and Pensions Services Limited	December 31, 2019	-	(8,024)	(8,024)
		December 31, 2018	-	-	-
	Capita Translation & Interpreting Limited	December 31, 2019	-	(23,807)	(23,807)
		December 31, 2018	-	(1,018)	(1,018)
	Thirty Three USA Inc.	December 31, 2019	-	(29,453)	(29,453)
		December 31, 2018	-	-	-
	<b>Total</b>				
		<b>December 31, 2019</b>	<b>(488,825)</b>	<b>(180,326)</b>	<b>(669,151)</b>
		<b>December 31, 2018</b>	<b>(247,339)</b>	<b>(154,371)</b>	<b>(401,710)</b>

In the above figures for purchases and sales are transactions invoiced during the period inclusive of Value Added Tax where applicable.