Company Registration No. 03036807 (England and Wales)

AMT-SYBEX LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

AMT-SYBEX LIMITED

COMPANY INFORMATION

Directors	S J S Mayall on behalf of Capita Corporate Director Limited S J Maynard C F Baker J Cowan (Appointed 26 January 2017)
Secretary	Capita Group Secretary Limited
Company number	03036807
Registered office	17 Rochester Row London Westminster SW1P 1QT
Auditor	KPMG LLP 15 Canada Square London E14 5GL

AMT-SYBEX LIMITED

CONTENTS

AMT-SYBEX LIMITED
STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017

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

Review of the business

AMT Sybex Limited ("the Company") is a wholly owned subsidiary (indirectly held) of Capita plc. Capita plc along with its subsidiaries are hereafter referred to as "the Group". The Company operates within the Group's Digital and Software Solutions division.

The principal activity of the Company continues to be that of enterprise software sale (active licenses) and delivery of associated services to the UK and Global infrastructure and energy industries. The Company is a key supplier to a large number of blue-chip FTSE100 companies, global utilities and public sector organisations in the UK and Ireland. There have not been any changes in the Company's principal activities in the current year. The directors are not aware, at the date of this report, of any likely major changes in the Company's activities in the next year.

As shown in the Company's income statement in page 7, revenue has increased from £27,460,829 (restated) to £32,659,994 and operating profit increased from £4,559,168 (restated) in 2016 to £8,669,091 in 2017. The balance sheet on page 8 of the financial statements shows the Company's financial position at the year end. Net liabilities have decreased from £16,846,272 to £9,789,322.

Key performance indicators used by Capita plc are operating margins, free cash flow, capital expenditure and return on capital employed. Capita plc and its subsidiaries manage their operations on a divisional basis and as a consequence, some of these indicators are monitored only at a divisional level. The performance of the Digital and Software Solutions division of Capita plc for 2017 is discussed in the Group's annual report which does not form part of this report.

Principal risks and uncertainties

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

The principal themes of risk for the Company are:

• Strategic: changes in economic and market conditions such as contract pricing and competition.

• Financial: significant failures in internal systems of control and lack of corporate stability.

• Operational: including recruitment and retention of staff, maintenance of reputation and strong supplier and customer relationships, operational IT risk, and failures in information security controls.

• Compliance: non-compliance with laws and regulations. The Company must comply with an extensive range of requirements that govern and regulate its business.

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

• Regularly reviewing business 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 a strict internal control framework.

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

On behalf of the board

S J S Mayall on behalf of Capita Corporate Director Limited

Director

08 August 2018

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

Results and dividends
The results for the year are set out on page 7.

A dividend of nil was paid during the year (2016: £28,200,000).

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

Employees
Details of the number of employees and related cost can be found in note 21 to the financial statements.

Directors
The followings directors, have held office since 1 January 2017:

S J S Mayall on behalf of Capita Corporate Directors	
S J Maynard	
C F Baker	
J Cowan	(Appointed 26 January 2017)
W S McBrinn	(Resigned 28 February 2017)

Political donations
The Company made no political donations and incurred no political expenditure during the year (2016: nil).

Auditors
KPMG LLP, having indicated its willingness to continue in office, will be deemed to be reappointed as auditor under section 487(2) of the Companies Act 2006.

Statement of directors' responsibilities in respect of the strategic report, the directors' report and the financial statements

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

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

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

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Statement of disclosure to auditors
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 enquiries 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.

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

On behalf of the board

S J S Mayall on behalf of Capita Corporate Director Limited

Director

08 August 2018

INDEPENDENT AUDITORS REPORT

TO THE MEMBERS OF AMT-SYBEX LIMITED

Opinion

We have audited the financial statements of AMT-Sybex Limited ("the company") for the year ended 31/12/2017, which comprise the Income Statement, 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 31/12/2017 and of its profit for the year 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

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 twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Directors' report

The directors are responsible for the directors' report. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon.

Our responsibility is to read 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 directors' report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report has 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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AMT- SYBEX LIMITED

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.[1]

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.

Rebecca Pett

Rebecca Pett (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL
15 August 2018

AMT-SYBEX LIMITED
INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	2017 £	Restated 2016 £
Revenue	3	32,659,994	27,460,829
Cost of sales		(16,788,410)	(13,680,010)
Gross profit		**15,871,584**	**13,780,819**
Administrative expenses	4	(7,202,493)	(9,221,651)
Total Operating Profit		**8,669,091**	**4,559,168**
Investment income	5	-	12,200,000
Profit before tax		**8,669,091**	**16,759,168**
Income tax expense	6	(1,612,141)	(938,641)
Total comprehensive income for the year		**7,056,950**	**15,820,527**

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

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

The notes from page 10-33 form an integral part of the financial statements.

AMT-SYBEX LIMITED
BALANCE SHEET
AS AT 31 DECEMBER 2017

	Notes	2017 £	Restated 2016 £
Non-current assets			
Property, plant and equipment	8	116,473	54,725
Intangible assets	9	17,594,490	17,579,973
Contract fulfilment assets	10	18,066,069	13,470,654
Investment in subsidiaries	11	541,925	541,925
Deferred tax asset	6	4,579,533	6,203,561
		40,898,490	**37,850,838**
Current assets			
Trade and other receivables	12	38,279,529	44,717,143
Income tax receivable		1,274,253	-
Cash	13	192,973	-
		39,746,755	**44,717,143**
Total assets		**80,645,245**	**82,567,981**
Current liabilities			
Financial liabilities	14	-	6,825,810
Trade and other payables	15	43,828,067	43,832,255
Deferred income	16	23,205,330	33,709,557
Income tax payable		-	617,266
Total current liabilities		**67,033,397**	**84,984,888**
Non current liabilities			
Deferred income	16	23,042,415	13,933,793
Provisions	17	358,755	495,572
Total non-current Liabilities		**23,401,170**	**14,429,365**
Total liabilities		**90,434,567**	**99,414,253**
Net assets		**(9,789,322)**	**(16,846,272)**
Capital and reserves			
Issued share capital	18	100,002	100,002
Retained earnings		(13,889,324)	(20,946,274)
Capital redemption reserve		4,000,000	4,000,000
Total equity		**(9,789,322)**	**(16,846,272)**

The notes from page 10-33 form an integral part of the financial statements.

Approved by the board and authorised for issue on 08 August 2018

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

Company Registration No. 03036807

AMT-SYBEX LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2017

Particulars	Equity share capital	Capital redemption reserve	Retained earnings	Total equity
	£	£	£	£
At 1 January 2016	**100,002**	**4,000,000**	**16,198,109**	**20,298,111**
Impact of change in accounting standards- IFRS	-	-	(24,764,910)	(24,764,910)
At 1st January 2016 (restated)	**100,002**	**4,000,000**	**(8,566,801)**	**(4,466,799)**
Total comprehensive income for the year (restated)	-	-	15,820,527	15,820,527
Equity dividends paid	-	-	(28,200,000)	(28,200,000)
At 31 December 2016 (restated)	**100,002**	**4,000,000**	**(20,946,274)**	**(16,846,272)**
Total comprehensive income for the year	-	-	7,056,950	7,056,950
At 31 December 2017	**100,002**	**4,000,000**	**(13,889,324)**	**(9,789,322)**

Share capital – The balance classified as share capital is the nominal proceeds on issue of the Company's equity share capital, comprising 100,002 ordinary shares.

Capital redemption reserve – The comapany can redeem shares by repaying the market value to the shareholder whereupon the shares are cancelled. Redemption must be from distributable profits. The capital redemption reserve represents shares redeemed.

Retained earnings – Represents accumlated losses in the company.

Prior to the adoption IFRS 15, the Company issued interim dividend of £28.2 million for 2016 in December 2016. The interim dividend was issued based on the available distributable reserves as on that date before the decision to early adopt IFRS 15.

The notes from page 10-33 form an integral part of the financial statements.

1. Accounting policies

1.1 Basis of preparation

AMT-Sybex 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.

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

1.2 Compliance with accounting standards

The Company has applied FRS101 – Reduced Disclosure Framework in the preparation of its financial statements. The Company has prepared and presented these financial statements by applying the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but made amendments, where necessary, in order to comply with The Companies Act 2006.

From the year ended 31 December, 2017, the Company has elected to present its financial statements under IAS 1 format to be in line with the consolidated financial statements published by the Group. Accordingly, the comparatives for the year ended 31 December, 2016 have been reclassified to the revised format. Refer to Note 24 for a reconciliation between IAS 1 presentation and presentation as previously reported.

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

In these financial statements, the Company has applied the disclosure exemptions available under FRS 101 in respect of the following disclosures:
- A cash flow statement and related notes;
- Comparative period reconciliations for share capital, property, plant and equipment and intangible assets;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- An additional balance sheet for the beginning of the earliest comparative period following the retrospective change in accounting policy; and
- Disclosures in respect of the compensation of key management personnel.

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

- Certain disclosures required by IFRS 2 Share Based Payments in respect of Group settled share based payments;
- Certain disclosures required by IAS 36 Impairments of assets in respect of the impairment of goodwill and indefinite life intangible assets;

1. Accounting policies (continued)

1.2 Compliance with accounting standards (continued)

- Certain disclosures required by IFRS 3 Business Combinations in respect of business combinations undertaken by the Company, in the current and prior periods including the comparative period reconciliation for goodwill; and
- Disclosures required by IFRS 7 Financial Instrument Disclosures.

1.3 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except for the early adoption of IFRS 15 Revenue from Contracts with Customers and Clarifications: Revenue from Contracts with Customers. In addition, the Company has adopted the new amendment to IAS 12 on Recognition of Deferred Tax Assets for Unrealised Losses.

Initial adoption of IFRS 15 Revenue from Contracts with Customers

The standard has an effective date of 1 January 2018 but the Company has decided to early adopt this standard with a date of initial application to the Company of 1 January 2017 using the full retrospective method. IFRS 15 replaces all existing revenue requirements in IFRS and applies to all revenue arising from contracts with customers unless the contracts are within the scope of other standards such as IAS 17 Leases.

The standard outlines the principles entities must apply to measure and recognise revenue with the core principle being that entities should recognise revenue at an amount that reflects the consideration to which the entity expects to be entitled in exchange for fulfilling its performance obligations to a customer.

The principles in IFRS 15 must be applied using the following 5 step model:

1 Identify the contract(s) with a customer
2 Identify the performance obligations in the contract
3 Determine the transaction price
4 Allocate the transaction price to the performance obligations in the contract
5 Recognise revenue when or as the entity satisfies its performance obligations

The standard requires entities to exercise considerable judgement taking into account all the relevant facts and circumstances when applying each step of this model to its contracts with customers. The standard also specifies how to account for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract, as well as requirements covering matters such as licences of intellectual property, warranties, principal versus agent assessment and options to acquire additional goods or services.

The Company has applied IFRS 15 fully retrospectively in accordance with paragraph C3 (a) of the standard, restating the prior period's comparatives and electing to use the following expedients:

• in respect of completed contracts, the Company will not restate contracts that (i) begin and end within the same annual reporting period; or
(ii) are completed contracts at the beginning of the earliest period presented (para. C5(a));
• in respect of completed contracts that have variable consideration, the Company will use the transaction price at the date the contract was completed rather than estimating variable consideration amounts in the comparative periods (para. C5(b)); and
• for all reporting periods presented before the date of initial application, the Company will not disclose the amount of the transaction price allocated to the remaining performance obligations or an explanation of when the Company expects to recognise that amount as revenue (para C5(c)).

1. Accounting policies (continued)

1.4 Changes in accounting policies (continued)

Details of the change in the Company's accounting policy in respect of revenue recognition, related matters consequent upon the early adoption of IFRS 15 and an explanation of the impact on the Company's prior period financial statements are set out in note 24.

1.5 Revenue recognition

Revenue is earned within the United Kingdom.

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

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

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

For all contracts, the Company determines if the arrangement with a customer creates enforceable rights and obligations. This assessment results in certain Master Service Agreements ('MSA's') not meeting the definition of a contract under IFRS 15 and as such the individual call-off agreements, linked to the MSA, are treated as individual contracts.

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

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

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

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

1. Accounting policies (continued)

1.4 Revenue recognition (continued)

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

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

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

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

If performance obligations in a contract do not meet the overtime criteria, the Company recognises revenue at a point in time (see below for further details). The Company disaggregates revenue from contracts with customers by contract type, as management believe this best depicts how the nature, amount, timing and uncertainty of the Company's revenue and cash flows are affected by economic factors.

Contract term longer than 2 years

The Company provides a range of services in various segments under customer contracts with a duration of more than two years.
The nature of contracts or performance obligations categorised within this revenue type is diverse and active software licence arrangements (see definition below).

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

Over time service with contract length less than 2 years

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

1. Accounting policies (continued)

1.4 Revenue recognition (continued)

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

Transactional (point in time) contracts

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

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

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

Contract modifications

The Company's contracts are often amended for changes in contract specifications and requirements. Contract modifications exist when the amendment either creates new or changes the existing enforceable rights and obligations. The effect of a contract modification on the transaction price and the Company's measure of progress for the performance obligation to which it relates, is recognised as an adjustment to revenue in one of the following ways:

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

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

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

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

1. Accounting policies (continued)

1.4 Revenue recognition (continued)

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. Factors considered in making this assessment are most notably the discretion the Company has in establishing the price for the specified good or service, whether the Company has inventory risk and whether the Company is primarily responsible for fulfilling the promise to deliver the service or good.

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

Licences

Software licences delivered by the Company can either be right to access ('active') or right to use ('passive') licences. Active licences are licences which require continuous upgrade and updates for the software to remain useful, all other licences are treated as passive licences. The assessment of whether a licence is active or passive involves judgement. The key determinant of whether a licence is active is whether the Company is required to undertake activities that significantly affect the licensed intellectual property (or the customer has a reasonable expectation that it will do so) and the customer is, therefore, exposed to positive or negative impacts resulting from those changes.

When software upgrades are sold as part of the software licence agreement (i.e. software upgrades are promised to the customer), the Company applies judgement to assess whether the software upgrade is distinct from the licence (i.e. a separate performance obligation). If the upgrade is considered fundamental to the ongoing use of the software by the customer, the upgrades are not considered distinct and not accounted for as a separate performance obligation.

The Company considers for each contract that includes a separate licence performance obligation all the facts and circumstances in determining whether the licence revenue is recognised over time or at a point in time from the go live date of the licence.

Contract related assets and liabilities

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

• Property, plant and equipment*
• Intangible assets*
• Contract fulfilment assets^
• Contract assets derived from costs to obtain a contract^
• Trade receivables*
• Accrued income^
• Deferred income^
* No change in the accounting policies for these assets as a result of the adoption of IFRS 15
^ Refer below for the accounting policy applied following the adoption of IFRS 15

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.

1. Accounting policies (continued)

1.4 Revenue recognition (continued)

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.

If other standards are not applicable to contract fulfilment costs, the Company applies the following criteria which, if met, result in capitalisation:

- the costs directly relate to a contract or to a specifically identifiable anticipated contract;
- the costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
- the costs are expected to be recovered.

The assessment of this criteria requires the application of judgement, in particular when considering if costs generate or enhance resources to be used to satisfy future performance obligations and whether costs are expected to be recoverable. These costs may include process mapping and design, system development, project management, hardware (generally in scope of the Company's accounting policy for property, plant and equipment), software licence costs (generally in scope of the Company's accounting policy for intangible assets), recruitment costs and training.
The Company has determined that, where the relevant specific criteria are met, the costs for (i) process mapping and design; (ii) system development; and (iii) project management are likely to qualify to be capitalised as contract fulfilment assets.

Capitalisation of costs to obtain a contract

The incremental costs of obtaining a contract with a customer are recognised as an asset if the Company expects to recover them. The Company incurs costs such as bid costs, legal fees to draft a contract and sales commissions when it enters into a new contract.

Judgement is applied by the Company when determining what costs qualify to be capitalised in particular when considering whether these costs are incremental and whether these are expected to be recoverable. For example, the Company considers which type of sales commissions are incremental to the cost of obtaining specific contracts and the point in time when the costs will be capitalised.

The Company has determined that the following costs may be capitalised as contract assets (i) legal fees to draft a contract (once the Company has been selected as a preferred supplier for a bid); and (ii) sales commissions that are directly related to winning a specific contract. Costs incurred prior to selection as preferred supplier are not capitalised but are expensed as incurred.

Utilisation, derecognition and impairment of contract fulfilment assets and capitalised costs to obtain a contract

The Company utilises contract fulfilment assets and capitalised costs to obtain a contract to cost of sales 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 cost of sales. Judgement is applied to determine this period, for example whether this expected period would be the contract term or a longer period such as the estimated life of the customer relationship for a particular contract if, say, renewals are expected.

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.

Management is required to determine the recoverability of contract related assets within property, plant and equipment, intangible assets as well as contract fulfilment assets, capitalised costs to obtain a contract, accrued income and trade

1. Accounting policies (continued)

1.4 Revenue recognition (continued)

receivables. At each reporting date, the Company determines whether or not the contract fulfilment assets and capitalised costs to obtain a contract are impaired by comparing the carrying amount of the asset to the remaining amount of consideration that the Company expects to receive less the costs that relate to providing services under the relevant contract. In determining the estimated amount of consideration, the Company uses the same principles as it does to determine the contract transaction price, except that any constraints used to reduce the transaction price will be removed for the impairment test.

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.

The ability to accurately forecast such costs involves estimates around cost savings to be achieved over time, anticipated profitability of the contract, as well as future performance against any contract-specific KPIs that could trigger variable consideration, or service credits.

Where a contract is anticipated to make a loss, these judgements are also relevant in determining whether or not an onerous contract provision is required and how this is to be measured.

Deferred and accrued income

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

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

Onerous contracts

The Company reviews its long-term contracts to ensure that the expected economic benefits to be received are in excess of the unavoidable costs of meeting the obligations under the contract. The unavoidable costs are the lower of the net costs of termination or the costs of fulfilment of the contractual obligations. The Company recognises the excess of the unavoidable costs over economic benefits due to be received as an onerous contract provision.

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 Company (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. Accounting policies (continued)

1.6 Other Intangibles

Other intangibles are 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. In the case of capitalised software development costs, research expenditure is written off to the statement of income statement in the period in which it is incurred. Development expenditure is written off in the same way unless and until the Company is satisfied as to the technical, commercial and financial viability of individual projects. In these cases, the development expenditure is capitalised and amortised over the period during which the Company is expected to benefit.

1.6 Property, plant and equipment

Property, plant and equipment are stated at cost less depreciation. Freehold land is not depreciated. 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:

Plant and machinery	3-5 years
Fixtures, fittings and equipment	5 years

1.7 Leasing

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

1.8 Investments

All investments are initially recorded at their cost. Subsequently they are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable.

1.9 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short- term liquid investments with original maturities of three months or less. Bank overdrafts are shown within current liabilities.

1.10 Pensions

The Company operates defined contribution pension schemes and contributions are charged to the profit and loss account in the year in which they are due. These schemes are funded and the payment of contributions is made to separately administered trust funds. The assets of these schemes are held separately from the Company.

The Company remits monthly pension contributions to Capita Business Services Limited, a fellow subsidiary undertaking, which pays the Group liability centrally. Any unpaid contributions at the year end have been accrued in the accounts of that Company.

1.11 Taxation

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

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

1. Accounting policies (continued)

1.12 Taxation (continued)

Deferred income tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases and liabilities and their carrying amounts for financial reporting purposes.

Deferred income 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 income 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, 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 income 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, except where the deferred income tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

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

Deferred income 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.

1.13 Share-based payments

The Company participates in various share option and share save schemes operated by Capita plc, the ultimate parent undertaking. Details of these schemes are contained in the Company's annual report.

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted and is recognised as an expense over the vesting period, which ends on the date on which the relevant employees become fully entitled to the award. Fair value is determined using an option pricing model. In valuing equity-settled transactions, no account is taken of any vesting conditions, other than conditions linked to the price of the shares of the Company (market conditions).

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

At each balance sheet date before vesting, the cumulative expense is calculated, representing the extent to which the vesting period has expired and management's best estimate of the achievement or otherwise of non-market conditions, the number of equity instruments that will ultimately vest or in the case of an instrument subject to a market condition, be treated as vesting as described above. The movement in cumulative expense, attributable to the Company, since the

1. Accounting policies (continued)

1.13 Share-based payments (continued)

previous balance sheet date is recognised in the profit and loss account and settled with Capita plc, the ultimate parent undertaking.

In accordance with IFRS 2, share option awards of the ultimate parent Company's equity instruments in respect of settling grants to employees of the Company are disclosed as a charge to the income statement and a credit to equity.

The Company's policy is to reimburse its ultimate parent Company through the inter Company account for charges that are made to it. Hence the debit to equity has been eliminated, rather reflecting a debit to inter-Company which better describes the underlying nature of the transaction.

1.14 Group accounts

The financial statements present information about the Company as an individual undertaking and not about its Group. The Company has not prepared Group accounts as it is fully exempt from the requirement to do so by section 400 of the Companies Act 2006 as it is a subsidiary undertaking of Capita plc, a Company incorporated in England and Wales, and is included in the consolidated accounts of that Company.

1.15 Financial instruments

Non-derivative financial instruments comprise trade and other debtors, cash and cash equivalents, loans and borrowings, and trade and other creditors.

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

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

1.16 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.

1.17 Provisions

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

1. Accounting policies (continued)

1.17 Provisions (continued)

expense and related cost of leasehold property (net of estimated sub-lease income) where the space is vacant or currently not planned to be used for ongoing operations.

1.18 Foreign exchange

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

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 and investments, the measurement of provisions, revenue and profit recognition on certain contractual arrangements. 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.

The Company determines whether investments are impaired based on any impairment indicators. This involves estimation of the enterprise value of the investee which is determined based on the greater of discounted future cash flows at a suitable discount rate or through the recoverable value of investments held by the investee Company.

The measurement of revenue and resulting profit recognition - due to the size and complexity of some of the Company's contracts, requires judgements to be applied, including the measurement and timing of revenue recognition and the recognition of assets and liabilities, including an assessment of onerous contract, that result from the performance of the contract.

3 Revenue

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

4 Operating profit/ loss for the year

	2017	**2016**
	£	**£**
Operating profit/ loss for the year is stated after charging:		
Net foreign exchange gains	3,441	2,318,054
Depreciation of property, plant and equipment	31,800	33,075
Amortisation of intangible assets	62,915	40,155
Operating lease rentals-plant and machinery	255,444	193,221
Operating lease rentals-other assets	127,736	182,131

Audit fees are borne by the ultimate parent undertaking, Capita plc. The audit fee for the current period was £11,550 (2016: £11,000). 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.

5 Investment income

	2017	**2016**
	£	**£**
Income from shares in group undertakings	-	12,200,000
	-	**12,200,000**

6 Income tax

The major components of income tax expense for the years ended 31 December 2017 and 2016 are:

	2017 £	Restated 2016 £
Current income tax		
Current income tax charge	-	1,531,302
Adjustment in respect of prior years	(11,888)	25,091
	(11,888)	1,556,393
Deferred income tax		
Origination and reversal of temporary differences	1,601,694	(531,108)
Adjustment in respect of prior years	22,335	(86,644)
	1,624,029	(617,752)
Total tax expense	1,612,141	938,641

The reconciliation between tax expense/ (credit) and the product of accounting profit multiplied by the UK corporation tax rate for the years ended 31 December 2017 and 2016 is as follows:

	2017 £	Restated 2016 £
Profit/(Loss) before tax	8,669,091	16,759,168
Notional charge/ (credit) at UK corporation tax rate of 19.25 % (2016: 20.00%)	1,668,800	3,351,834
Taxation impact of factors affecting tax charge:		
Adjustments in respect of current income tax of prior years	(11,888)	25,091
Adjustments in respect of deferred tax of prior years	22,336	(86,644)
Non-deductible expenses	43,569	23,352
Impact of changes in statutory tax rates	(110,676)	65,008
Income not taxable	-	(2,440,000)
Total tax adjustments	(56,659)	(2,413,193)
Total tax expense / (credit) reported in the income statement	1,612,141	938,641

The UK corporation tax rate decreased from 20% to 19% on 1 April 2017 and will decrease further to 17% from 1 April 2020. The deferred tax balances have been adjusted to reflect this change.

	Balance sheet		Income statement	
	2017 £	Restated 2016 £	2017 £	Restated 2016 £
Deferred tax assets				
Accelerated capital allowances	33,976	25,183	(8,793)	(921)
Deferred income	-	8,536,545	8,536,545	(2,036,075)
Contract fulfillment asset	(1,494,056)	(2,424,718)	(930,662)	1,468,302
Losses	5,995,397	-	(5,995,397)	-
Other timing differences	44,216	66,551	22,335	(49,058)
Net deferred tax (liability)/asset	4,579,533	6,203,561	1,624,028	(617,752)
Deferred income tax expense /(credit)				
Profit and loss account			1,612,141	938,641
Transfer from other group companies				
Other comprehensive income				-
			1,612,141	938,641

The UK corporation tax rate decreased from 20% to 19% on 1 April 2017 and will decrease further to 17% from 1 April 2020. The deferred tax balances have been adjusted to reflect this change.

6 Income tax (continued)

Impact of adoption of IFRS 15 on income tax balances

Due to the changes in assets, liabilities, income and expenses recognized as a result of the application of IFRS 15, there are consequent IAS 12 Income taxes differences that arise, and are reflected in the restated 31 December 2016 balances as discussed below. Due to the changes in the pattern and timing of revenue recognition under IFRS 15, a deferred income liability was recognized on the balance sheet from 1 January 2016, which will be recognized through the income statement in subsequent periods. The impact of these revenue recognition changes is only recognized for tax purposes via a one-off transitional tax adjustment on 1 January 2017, so no tax deduction was available in 2016 for the reduction in historic revenue recognized. Contract fulfilment assets were also recognized on the balance sheet from 1 January 2016, which will be charged to the income statement in subsequent periods. Under IAS 12, the tax base of an asset is the amount that will be deductible for tax purposes against any taxable economic benefits that will flow to an entity when it recovers the carrying amount of the asset. The tax base of the contract fulfilment asset recognized on the balance sheet prior to 1 January 2017 is therefore reduced by the amounts for which tax deductions have already been taken, creating a temporary difference.

Under the principles of IAS 12, the restated balance sheet for 31 December 2016 reflects a net movement of, arising from an increase in deferred tax assets of £6,111,827, as a result of the transition to IFRS 15. As a result of the tax one off transitional adjustment noted above in 2017, the deferred tax asset on deferred income liability as at 31 December 2016 converts into a deferred tax asset of £5,995,397 in connection with tax losses as at 31 December 2017.

7 Dividends paid and proposed

	2017 £'000	2016 £'000
Final for 2017 paid: nil (2016: £ 281.98 per share)	-	28,200,000
Total dividends paid	**-**	**28,200,000**

8 Property, plant and equipment

	Furniture and fixtures £	Plant and machinery £	Total £
Cost			
At 1 January 2017	**20,899**	**80,374**	**101,273**
Additions	7,957	85,591	93,548
Asset retirement	(16,659)	(2,380)	(19,039)
At 31 December 2017	**12,197**	**163,585**	**175,782**
Depreciation and impairment			
At 1 January 2017	**17,806**	**28,742**	**46,548**
Depreciation	3,639	28,161	31,800
Asset retirement	(16,659)	(2,380)	(19,039)
At 31 December 2017	**4,786**	**54,523**	**59,309**
Net book value			
At 31 December 2016	**3,093**	**51,632**	**54,725**
At 31 December 2017	**7,411**	**109,062**	**116,473**

9 Intangible assets

	Goodwill £	Patents £	Total £
Cost			
At 1 January 2017	17,137,105	485,560	17,622,665
Additions	-	77,432	77,432
At 31 December 2017	17,137,105	562,992	17,700,097
Amortisation and impairment			
At 1 January 2017	-	42,692	42,692
Amortisation	-	62,915	62,915
At 31 December 2017	-	105,607	105,607
Net book value			
At 31 December 2016	17,137,105	442,868	17,579,973
At 31 December 2017	17,137,105	457,385	17,594,490

10 Contract fulfilment assets

	Restated £
Cost	
As at 1 January 2016 (restated)	5,313,422
Additions	8,726,687
Release	(569,455)
As at 31 December 2016 (restated)	13,470,654
Additions	9,765,758
Release	(5,170,343)
As at 31 December 2017	18,066,069
Net book value	
At 31 December 2016	13,470,654
At 31 December 2017	18,066,069

In preparing these financial statements, the entity undertook a review to identify indicators of impairment of contract fulfilment assets. The entity determined whether or not the contract fulfilment assets were impaired by comparing the carrying amount of the asset to the remaining amount of consideration that the entity expects to receive less the costs that relate to providing services under the relevant contract. In determining the estimated amount of consideration, the entity used the same principles as it does to determine the contract transaction price, except that any constraints used to reduce the transaction price were removed for the impairment test.

In line with our accounting policy, as set out in note 1, if a contract or specific performance obligation exhibited marginal profitability or other indicators of impairment, judgement was applied to ascertain whether or not the future economic benefits from these contracts were sufficient to recover these assets. In performing this impairment assessment, management is required to make an assessment of the costs to complete the contract. The ability to accurately forecast such costs involves estimates around cost savings to be achieved over time, anticipated profitability of the contract, as well as future performance against any contract-specific KPIs that could trigger variable consideration, or service credits. Contract fulfilment asset impairments of nil were identified as at 31 December 2017 (31 December 2016: nil).

11 Investment in subsidiaries

	2017	2016
	£	£
Investment	541,925	541,925
	541,925	**541,925**

Details of the company's direct subsidiaries at 31 December 2017 are as follows:

Company	County of registration or incorporation	Ordinary shares held (%)	Nature of business
AMT-SYBEX (Engineering) Ltd*	England	100	Dormant
AMT-SYBEX Holdings Limited**	Northern Ireland	100	Dormant
AMT-SYBEX (NI) Ltd**	Northern Ireland	100	Dormant
Marrakech (U.K.) Limited*	England	100	Software Development
Sigma Seven Limited***	England	100	Software Development

Registered Offices

*30 Berners Street, London, England, W1T 3LR per Companies house

** Hillview House, 61 Church Road, Newtownabbey, Co Antrim, BT36 7LQ, United Kingdom

*** Pavillion Building, Ellismuir Way, Tannochside Park, Uddingston, Glasgow, G71 5PW, United Kingdom

12 Trade and other receivables

Current	2017	Restated 2016
	£	£
Trade receivables	4,092,656	8,271,145
Other receivables	49,782	97,931
Prepayments	1,462,278	1,952,210
Amount due to parent and fellow subsidiary undertaking	32,674,813	34,395,857
	38,279,529	44,717,143

13 Cash

	2017	2016
	£	£
Cash at bank and in hand	192,973	-
	192,973	-

14 Financial liabilities

Current	2017	2016
	£	£
Overdrafts	-	6,825,810
	-	6,825,810

15 Trade and other payables

	2017	2016
	£	£
Current		
Trade payables	195,741	249,313
Other taxes and social security	1,297,342	2,026,343
Accruals	1,210,285	988,411
Amount due to parent and fellow subsidiary undertaking	41,124,699	40,568,188
	43,828,067	43,832,255

16 Deferred income

	2017	Restated 2016
	£	£
Current		
Deferred income	23,205,330	33,709,557
Non-current		
Deferred income	23,042,415	13,933,793

17 Provisions

	Property	Restructuring	Total
	£	£	£
Non current			
As at 1 January 2017	358,755	136,817	495,572
Additions	-	211,854	211,854
Utilisation	-	(317,300)	(317,300)
Profit and Loss account	-	(31,371)	(31,371)
Reclass to Current	(358,755)	-	(358,755)
	-	-	-

	Property	Total
	£	£
Current		
As at 1 January 2017	-	-
Reclass from Non Current	358,755	358,755
	358,755	358,755

Empty property provision is made for future rent expense and related cost of leasehold property where the space is vacant or currently not being used for ongoing operations. The expenditure is expected to be incurred over the remaining periods of the leases. The provision is expected to unwind within the next year.

The restructuring provision is in respect of the cost of the major restructuring activities undertaken by the company that commenced from the last quarter of 2016. It represents the cost of reducing role count where there is a constructive obligation created through communication to affected employees which has created a valid expctation that roles are at risk. Additionally, it reflects the onerous nature of property lease provisions (net of any sub-letting opportunity) on a discounted basis, where due to the reduced requirement for space due to the redundancy programme there is additional surplus capacity.

18 Issued share capital

	No.of Shares 2017	No.of Shares 2016	£'000 2017	£'000 2016
Allotted, called up and fully paid				
Ordinary shares of £1 each				
At 1 January	100,002	100,002	100,002	100,002
At 31 December	**100,002**	**100,002**	**100,002**	**100,002**

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

19 Operating lease commitments

At the reporting date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows :

	Land and buildings		Others	
	2017	2016	2017	Restated 2016
	£	£	£	£
Within one year	182,530	248,075	134,973	116,860
Between two and five years	13,253	191,616	96,887	178,289
Total	**195,783**	**439,691**	**231,860**	**295,149**

The Group's project to prepare for adopting IFRS 16 Leases has initiated a comprehensive review of all lease arrangements across the Group and the disclosures required in the lease commitment note.

The effect of the restatement on the previously reported disclosures is as follows:

	Other
	£
2016 reported lease commitments	
Within one year	135,016
Between two and five years	206,677
	341,693
Overstatement of lease commitments in 2016	
Within one year	(18,156)
Between two and five years	(28,388)
	(46,544)
2016 restated lease commitments	
Within one year	116,860
Between two and five years	178,289
	295,149

This restatement of the 2016 disclosure has had no impact on the balance sheet, profit and loss or cash flows of the Company.

20 Employee benefits

The total cost charged to income in respect of defined contribution plans is £1,385,581 (2016: £1,272,344).

21 Employees

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

	2017 Number	2016 Number
Operations	188	185
Sales	27	25
Administration	20	18
	235	**228**

Their aggregate remuneration comprised:

Employment costs

	2017 £	2016 £
Wages and salaries	12,544,580	11,570,967
Social security costs	1,532,809	1,518,844
Pension costs	1,385,581	1,272,344
Share based payments	38,223	(52,872)
	15,501,193	**14,309,283**

22 Directors' remuneration

The remuneration of remaining directors was borne by another subsidiary of Capita plc. As no qualifying services were provided by the directors on the Company's affairs, no directors' remuneration has been allocated to the Company.

23 Controlling party

The company's immediate parent undertaking is AMT Group Limited, a company incorporated in England and Wales.

The company's ultimate parent undertaking 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 per Companies house.

24 Reconciliation of 2016

Income statement restatement
For the year ended 31 December 2016

FRS Format	Foot Note		Reclass from FRS to IAS	IAS Format	Foot Notes		Impact of IFRS 15	Restated as at 2016
Revenue		38,772,356		Revenue	DI, DII	38,772,356	(11,311,527)	27,460,829
Cost of sales		(21,837,242)		Cost of sales	DIII	(21,837,242)	8,157,232	(13,680,010)
Gross profit		16,935,114		Gross Profit		16,935,114	(3,154,295)	13,780,819
Other operating expenses		(2,318,054)	2,318,054					
Administrative expenses	A	(6,903,597)	(2,318,054)	Administrative expenses		(9,221,651)	-	(9,221,651)
Operating profit		7,713,463		Operating profit		7,713,463	(3,154,295)	4,559,168
Investment revenues		12,200,000		Investment income		12,200,000	-	12,200,000
Total operating profit/(loss)		19,913,463		Total operating profit/(loss)		19,913,463	(3,154,295)	16,759,168
Tax on (loss)/profit		(1,506,414)		Income tax expense	DIV	(1,506,414)	567,773	(938,641)
Total profit/loss for the year		18,407,049		Total comprehensive income for the year		18,407,049	(2,586,522)	15,820,527

24 Reconciliation for 2016

Balance sheet restatement as on 31 December 2016

Schedule I (FRS 101)	Footnotes	As at 2016 £	Reclass from FRS to IAS	IAS 1	Footnotes	As at 31.12.2016 £	Impact of IFRS 15	Restated As at 2016
Fixed assets				**Non-current assets**				
Tangible fixed assets		54,725		Property, plant and equipment		54,725	-	54,725
Intangible fixed assets		17,579,973		Intangible assets		17,579,973	-	17,579,973
				Contract fulfilment assets	DIII	-	13,470,654	13,470,654
Investments		541,925		Investments in subsidiaries		541,925	-	541,925
	B		91,734	Deferred tax asset	DIV	91,734	6,111,827	6,203,561
		18,176,623	91,734			18,268,357	19,582,481	37,850,838
Current assets				**Current assets**				
Debtors	B	51,770,790	(91,734)	Trade and other receivables		51,679,056	(6,961,913)	44,717,143
						51,679,056	(6,961,913)	44,717,143
		69,947,413		**Total assets**		69,947,413	12,620,568	82,567,981
				Current liabilities				
Creditors: amounts falling due within one year	C	(57,788,894)	(13,956,639)	Trade and other payables		43,832,255	-	43,832,255
			6,513,563	Deferred income	DI, DII	6,513,563	27,195,994	33,709,557
			6,825,810	Financial liabilities		6,825,810	-	6,825,810
			617,266	Income tax payable		617,266	-	617,266
Total assets less current liabilities		12,158,519	-	**Total current liabilites**		57,788,894	27,195,994	84,984,888
				Non current liabilities				
Creditors: amounts falling due after more than one year		(1,157,787)		Deferred income	DI, DII	1,157,787	12,776,006	13,933,793
Provision for liabilities		(495,572)		Provisions		495,572	-	495,572
		(1,653,359)		**Total non current liabilites**		1,653,359	12,776,006	14,429,365
				Total liabilities		59,442,253	39,972,000	99,414,253
		10,505,160		Net assets		10,505,160	(27,351,432)	(16,846,272)
Capital and Reserves				**Capital and reserves**				
Called up share capital		100,002		Issued share capital		100,002	-	100,002
Other Reserves		6,405,158		Retained earnings	D	6,405,158	(27,351,432)	(20,946,274)
Profit and loss account		4,000,000		Capital redemption reserve		4,000,000	-	4,000,000
Shareholders' funds		10,505,160		**Total equity**		10,505,160	(27,351,432)	(16,846,272)

Footnotes for reconciliation for 2016:

Note A: Other operating expenses have been included under Administrative expenses under IAS 1 format.

Note B : Deferred tax asset which was earlier classified under the head " Debtors" is now shown separately on the face of balance sheet.

Note C : Creditors: Amounts falling due within one year included tax, accruals and deferred income. This are now shown separately under the head current trade payables.

Note D: The Group early adopted IFRS 15 Revenue from contracts with customers in 2017 using a fully retrospective application which includes restatement of prior period comparatives. Refer to below for explanatory notes in respect of adjustments as applicable:

Note DI – Accounting for software licences

Under previous accounting, revenue in relation to certain software licences was recognised at a point in time. Under IFRS 15, it has been determined that a number of these arrangements result in the customer having the right to access the licence rather than having the right to use the licence. Hence total revenue for the licence and upgrades are combined with these revenues now recognised over the term of the customer contract rather than at a point in time.

Note DII – Revenue recognition in line with output

Under the previous accounting, revenue for certain contracts was recognised under the percentage of completion method based upon costs incurred to date as a proportion of the estimated full cost of completing the contract, and applying the percentage to the total revenue expected to be earned. Under IFRS 15, all elements of the contract are combined and now have revenue recognised in line with their output measured on a contract specific basis. As such, revenue is now spread over the expected life of the contract rather than in line with the costs profile.

Note DIII – Recognition, utilisation and derecognition of contract fulfilment assets

IFRS 15 specifies that certain costs to fulfil a contract are to be capitalised as non-current contract fulfilment assets and current contract fulfilment assets if relevant criteria are met. Costs incurred were previously expensed and which related to resources to allow it to deliver services under its contracts and active software licence arrangements. IFRS 15 specifies that the incremental costs of obtaining a contract with a customer are capitalised if the entity expects to recover them. The cost of utilising these assets is recognised within cost of sales on a consistent basis over the life of the relevant customer contract.

Note DIV – Tax

Due to the changes in assets, liabilities, income and expenses recognised as a result of the application of IFRS 15, there are consequent IAS 12 Income taxes differences that arise including deferred tax.

Note DV – decrease in trade and other receivables

The decrease in trade and other receivables relates to the restatement of accrued revenues as detailed in Adjustments II and III above.