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**NHS SHARED BUSINESS SERVICES LIMITED**

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**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2019**

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**NHS SHARED BUSINESS SERVICES LIMITED**

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**NHS SHARED BUSINESS SERVICES LIMITED**

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**COMPANY INFORMATION**

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**DIRECTORS**

D S Ahluwalia  
D A Edmonds (Chairman)  
J A S Jewitt  
B M P Masterson  
M J Thorman  
J P Torrie

**COMPANY SECRETARY**

P A Cashmore

**REGISTERED NUMBER**

05280446

**REGISTERED OFFICE**

Three Cherry Trees Lane  
Hemel Hempstead  
Hertfordshire  
HP2 7AH

**INDEPENDENT AUDITOR**

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

**CHAIRMAN AND CHIEF EXECUTIVE'S STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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The Chairman presents his statement for the year ended 31 December 2019.

We have continued to make strong progress against our corporate strategy this year, which is focused on building strong foundations to grow our business and transforming the services we provide to the NHS by investing in innovation.

In particular, our emphasis on service excellence has enhanced our reputation as a trusted and expert provider of corporate services to the NHS. This has led to a further increase in market share in 2019.

In 2019, 347 NHS organisations benefited from our services and 80 NHS organisations signed longer-term agreements. We also achieved our highest ever Net Promoter Score (NPS) rating from our customers, which at the end of 2019 was +45 (2018: +30).

Our main priority continues to be providing the NHS with modern services that deliver time and cost savings, enhance quality as well as user experience, and support long-term sustainability.

We have invested heavily in Robotic Process Automation (RPA) in the last 12 months, to make a greater number of our processes faster and more accurate, whilst removing many of the time-consuming and mundane tasks that were previously carried out manually.

Our payroll app, which enables NHS employees to access their pay information on any mobile device, has vastly improved NHS user experience and saved thousands of workforce hours in 2019.

Our much-anticipated NHS procurement platform, The Edge4Health, went live this year, with the first NHS trusts adopting the full platform after a comprehensive pilot.

Following our acquisition of the Anglia Support Partnership (ASP) contracts in 2018, our subsequent tender to provide IT services to two NHS clients in the East of England was successful. As a result, we launched an exciting new business area this year, Innovation & Technology Services (ITS), and will look to expand this service to other parts of the NHS.

Our workforce, which is split between the UK and India, currently stands at around 1,500 people. As our greatest asset, we invest heavily in their professional development. Our workforce strategy promotes job satisfaction and ensures we continue to have highly skilled teams that deliver high-quality services.

The pride our teams have in being part of the NHS and the dedication they have for their work is reflected in our Great Place to Work (GPTW) score, which improved in 2019 to 65%.

The expertise of our employees was also recognised by their industry peers this year. Our people and teams were shortlisted for no fewer than ten prestigious industry awards, which showcased both individual excellence and our digital innovation capabilities. Four of our finalists went on to win awards outright.

Looking ahead to the future, we will continue to focus on service excellence and expanding our NHS client base. We will also roll out new innovations to benefit hundreds of NHS organisations all at the same time, saving them the cost, time and risk of going it alone.

Name David Edmonds CBE  
Chairman

Date: 27 March 2020

**CHAIRMAN AND CHIEF EXECUTIVE'S STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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The Chief Executive presents his statement for the year ended 31 December 2019.

2019 has been a pivotal year for the business as we worked hard to successfully embed our corporate strategy across NHS Shared Business Services Limited (the Company). Our ambitious innovation programme, running in parallel with our ongoing commitment to service improvements, continued to change the face of our organisation this year.

At a time of ongoing financial and workforce uncertainty and competing expenditure priorities within the NHS, we have been working more closely than ever with our clients. Together we are designing and developing new services that future-proof their organisations and the NHS more generally.

This has seen us move into new areas that complement our established Business Process Outsourcing (BPO) offer, providing insight and expertise that adds even greater value for our NHS clients.

For example, our strategic partnership with Royal Papworth Hospital NHS Foundation Trust, which is part of our expanding Foundation Client initiative, has seen us develop a proof of concept for a new digital patient booking system. This will be launched in 2020 and provides a far more efficient way of managing NHS appointments. It is a platform that can be rolled out to benefit all NHS provider organisations.

In April this year, we won a contract to provide Innovation & Technology Services (ITS) to Cambridgeshire and Peterborough NHS Foundation Trust and Cambridgeshire Community Services NHS Trust. Our successful tender was primarily based on our commitment to transform delivery of ICT services across these two clients. It provides us with a robust platform to scale up the service, driving innovation and benefiting a wider footprint of NHS organisations.

Over the last 12 months our recently-launched digital platforms have also had a hugely positive impact across the NHS. Our payroll app, MySBSPay, which enables more than 300,000 NHS employees to view their payslips and P60s on their phone or tablet, has led to a significant reduction in common payroll queries. The time saved across our client base equates to some 380 workforce hours every month. This is time that is being redirected into frontline care at hospitals up and down the country.

In addition, our revolutionary NHS procurement platform has gone live this year at a number of NHS organisations following a successful pilot at Portsmouth Hospitals NHS Trust. The Edge4Health, a cloud-based, consumer-style digital marketplace, brings together thousands of suppliers and NHS organisations on to one easy-to-use platform, streamlining the buying process, whilst reducing errors and delays in ordering and invoice payment.

Our pioneering use of robots in 2019 put us at the forefront of the public sector in terms of utilising Robotic Process Automation (RPA) technology. We now use robots to carry out hundreds of different repetitive processes on behalf of the NHS. Across our financial processing this has so far freed up around 300,000 hours. This is employee time that is diverted to dealing with more complex financial matters and carrying out more analytical work on behalf of our clients.

In 2019 this has proved successful in terms of client satisfaction, with our Net Promoter Score (NPS) up 15 points in 12 months, and 80 new contracts signed with our clients.

It is an approach that has also been well-supported by our own workforce. Based on feedback from last year's Great Place to Work (GPTW) survey, we concentrated on a number of key areas within our People Plan 2019. This included steps to ensure that all of our employees understand the role they play in the success of our strategy and the direction the business is taking. In 2019, our GPTW score improved to 65%. Enhancing employee experience is an area where we will continue to place great importance in 2020 and beyond.

In summary, this year has included a number of key growth areas across all parts of the business, with significant progress being achieved in line with our corporate strategy.

**CHAIRMAN AND CHIEF EXECUTIVE'S STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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Our aim for the year ahead is to further grow our organisation in terms of market share, and the number and range of services we provide. Our strategy will also continue to support national priorities, such as the NHS Long-Term Plan and the delivery of the Health Secretary's Tech Vision, which looks to speed up the digital transformation of the NHS.

John Neilson  
Chief Executive

**STRATEGIC REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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## **INTRODUCTION**

The Directors are pleased to present their strategic report for the year ended 31 December 2019.

## **PRINCIPAL ACTIVITIES**

NHS Shared Business Services Limited (the Company) is a joint venture between Sopra Steria Limited and the Secretary of State for Health and Social Care designed to enable National Health Service (NHS) organisations to improve the efficiency of their back office functions and thereby free up funds for frontline patient care.

The Company's business model is to provide Finance & Accounting, Employment Services, Procurement and Innovation & Technology Services to NHS organisations.

## **BUSINESS REVIEW**

This year we retained our position as the leading provider of corporate services to the NHS. We continued to provide at least one corporate service to over 100 NHS providers (40% of the market) and every NHS commissioning organisation in England. It means that, in total, we delivered services to two thirds of the entire NHS in 2019.

We further strengthened our NHS footprint by launching a brand new service, Innovation & Technology Services (ITS), to add to our Finance & Accounting (F&A), Procurement and Employment Services (ES) business lines.

As part of our corporate strategy, which is split into two parts – (1) Building Strong Foundations for Growth, and (2) Transforming & Innovating for the Future – we carried out wide-ranging activities across the business this year, leading to a number of key achievements:

With the success of the first part of our strategy heavily reliant on our workforce and our ability to deliver an excellent service to our clients, we placed huge emphasis on both these areas in 2019.

In line with our corporate objective of being a great place to work, with a GPTW score of 70+ by 2023, we launched our People Plan in conjunction with our employee engagement group, U2. This focused on six key areas: Career & Development, Communication & Involvement, Reward, Strategy & Direction, Values and Wellbeing.

Meanwhile, the third cohort of employees on our Talent Development Programme successfully completed the course this year, whilst initiatives like our Transformational Leadership Course and Inspirational People programme continued to be fruitful.

As a result of our continued focus on our workforce, our GPTW score for this year was 65%. This was an increase compared to 2018 and means the business is on track to meet its 2023 objective.

Over the last 12 months, our positive relationship with our client base continued to go from strength to strength. By Q2 we surpassed our corporate objective of a Net Promoter Score (NPS) of +30 and ended 2019 on +45. The target is now to hit +50 by 2023.

One of our main focus areas in 2019 was to improve the experience of our payroll and pensions clients. To this end, we launched our ES Transformation Programme, which has undertaken a thorough assessment of each of our approximately 300 operational processes. This has focused on identifying opportunities to implement automation to bring about efficiencies, which improves the accuracy and overall service we deliver to our clients.

As part of the programme we have prioritised the upskilling of our ES employees and their continuous learning. This work will continue into 2020.

**STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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The second part of our strategy, which is concerned with transforming and innovating for the future, has seen us reach a number of important milestones:

Our investment in Robotic Process Automation (RPA) has continued at pace this year. In our F&A business alone we have deployed almost one hundred robots, which are now carrying out hundreds of different repetitive processes. This has increased the accuracy and speed of many transactional processes, by eliminating human error and ensuring round-the-clock processing.

As a result, our NHS clients have benefitted from enhanced service quality and cost per transaction savings. We have calculated that the project has so far freed up over 300,000 hours – enabling our experts (e.g. data analysts) to provide greater value to our customers.

The Edge4Health, our bespoke digital procurement platform that will revolutionise the way the NHS buys products and services, was successfully launched this year. The technology is part of our core service and is implemented free-of-charge for our NHS clients.

Cambridgeshire and Peterborough NHS Foundation Trust, Cambridgeshire Community Services NHS Trust, Portsmouth Hospitals NHS Trust and Sheffield Teaching Hospitals NHS Foundation Trust were the first NHS trusts to roll the platform out to over 1,000 NHS end users.

We have seen similar success this year with our payroll app, MySBSPay, which has now been downloaded by over 70,000 NHS employees. The app has saved around 380 hours of NHS staff time every month, by reducing telephone queries like payslip clarifications, tax enquiries, pay day information requests and maternity pay questions. This has represented a huge time saving for hospitals up and down the country. Resource that they have told us can be redirected into frontline care.

In summary, 2019 has been about growing our core business and ensuring we are in a strong position to continue providing the NHS with best-practice corporate services, which are tried and tested across the NHS.

This year has also seen us accelerate our transformation agenda. As such, we have invested in new and emerging digital innovations, which are helping our NHS clients achieve greater efficiencies, save more time and money, and provide a better experience for their employees than ever before.

#### **INTERNAL CONTROL**

Strategic, financial, commercial, operational, social, environmental and ethical risks are all independently considered as part of the Company's controls, which are designed to manage, rather than eliminate, the risk of failure to achieve the Company's business objectives. Therefore, the controls and associated assurance regime can only provide reasonable, not absolute, assurance against material misstatement or loss.

As part of our Quality Management Programme, the Company Quality Assurance Board (QA Board) met six times during 2019. The Board receives regular reports from across the business as part of its obligations to monitor and maintain robust controls covering a full range of Quality Management standards, including Information Governance, Risk Management (including Information Risk and Incident Reporting), Cyber Security and Business Continuity Management. The QA Board provides regular assurance reports via the Executive Management Team to the Company's Audit Committee and Board throughout the year.



**STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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**INFORMATION GOVERNANCE ASSURANCE FRAMEWORK**

As part of our continual assurance with the NHS Information Governance Assurance Framework, the Company continues to be fully engaged with the national Data Security & Protection (formerly Information Governance). In 2018/19, the Company successfully met all standards required for an NHS Business partner. The 2019/20 submission is in progress. The evidence provided for 2019/20 is expected to meet or exceed the required standard across all criteria.

**INFORMATION GOVERNANCE STATEMENT OF COMPLIANCE**

As part of the service provision, the Company is required to maintain its IG Statement of Compliance as an enabler for the use of the NHS N3 network and related NHS Care Record Systems. Assessment against IG Compliance remains in progress, and is anticipated to meet compliance and will conclude in March 2020.

As part of the extended assurance for Operational Security best practice, the Company has implemented an ISO27001:2013 compliant Information Security Management System (ISMS). The ISMS has been certified for the whole of the Company excluding NHS SBS East Anglia. NHS SBS East Anglia are being readied for certification extension in July 2020. The external assessment process was undertaken by external auditors DNV GL. Recertification for ISO 27001:2013 took place in 2019 to ensure continuity of certification and is now valid until February 2022. Cyber Essentials certification has also been achieved again for NHS SBS.

**RISK MANAGEMENT**

In 2019, the Company has continued to embed the corporate Risk Management Strategy across its operational business, ensuring all key risks are identified and managed at local and senior management and executive levels. Central reports of key strategic and operational risks are regularly reported to the Company's Audit Committee and Board accordingly.

In accordance with Department of Health and Social Care guidance on managing information risk within an organisation, the Company has continued to improve its overall information risk management approach, including the reporting of incidents for data loss or breaches of confidentiality. All incidents are notified to the Data Protection Officer (DPO) and Senior Information Risk Owner (SIRO). Any reported Serious Incidents Requiring Investigation (SIRIs) require SIRO approval before closure can be achieved.

In 2019, six SIRIs were reported internally, with none scoring as reportable externally. This follows ongoing embedding of our Incident Management Policy and Procedures.

**TRAINING**

The Company has established a positive training culture, regularly achieving high rates of training update and pass rates amongst employees, who receive comprehensive Information Governance training as enabled by the Central NHS Information Governance (data protection) e learning training modules provisioned by NHS Digital. The Company has integrated this resource as part of its core training requirements for all employees working within or on behalf of the Company.

All staff receive Information Governance and Security training at induction and additional topical training is provided to staff throughout the year, covering areas such as Records Management, Incident Recognition and Reporting, and Smart Card use.

As well as Anti Money Laundering and Counter Fraud training, the Company also supports employees in a wide range of financial and non financial professional training courses, including Risk Management, Accounting and Finance, Payroll and Project Management.

**STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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**PRINCIPAL RISKS AND UNCERTAINTIES**

The Company manages risk across the organisation through a series of formal risk logs, which are maintained by the Company lines of business. Company senior management report material risk through the Company Audit Committee, via regular Committee meetings, and an Internal Risk and Controls report, which details each risk and the management activities designed to reduce the likelihood and severity of a risk occurring. Each risk is owned by an identified member of the Company executive team and the impact of the risk is assessed against the strategic objectives of the business.

The strategic risks that are reported and managed are:

- Implementing new technologies and commercial models to deliver new services;
- Enable the NHS to deliver transformational change;
- Meeting legislative changes;
- Increasing customer advocacy;
- Increasing employee satisfaction.

**CREDIT RISK**

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company is mainly exposed to credit risk from credit sales. It is Group policy, implemented locally, to assess the credit risk of new customers before entering contracts. Each new customer is analysed individually for credit-worthiness before the payment and delivery terms and conditions are offered. Purchase limits are established for each customer, which represent the maximum open amount without requiring approval.

A monthly review of the trade debtors' ageing analysis is undertaken and customers' credit is reassessed periodically.

Credit risk also arises from cash and cash equivalents and deposits with banks and financial institutions. For banks and financial institutions, only independently rated parties with minimum rating "A" are accepted.

**LIQUIDITY RISK**

Liquidity risk arises from the Company's management of working capital and the finance charges and principal repayments on its debt instruments. There is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due.

The Board receives cash flow projections as well as information regarding cash balances ahead of Board meetings. At the end of the financial year, these projections indicated that the Company is expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances. The Company also seeks to reduce liquidity and interest rate risk by fixing interest rates (and hence cash flows) on its long-term borrowing.

**FOREIGN EXCHANGE RISK**

Foreign exchange risk arises when the Company enters into transactions denominated in a currency other than their functional one. The principal activities of the Company do not expose it to significant foreign exchange risk.

**BREXIT**

An internal assessment has been undertaken of the effect on the Company of the UK leaving the European Union. The Directors do not believe it presents any imminent threat to the provision of the Company's services. The service is expected to continue as normal for all of the Company's NHS clients and suppliers as there is little reliance on supplies or sales outside the UK.

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## NHS SHARED BUSINESS SERVICES LIMITED

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### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

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#### COVID-19

The COVID-19 outbreak will put considerable pressure on the NHS and the Company plays a vital role in keeping the NHS functioning during this period. The Company continues to support our clients and the wider NHS in ensuring that NHS staff are paid, orders are processed, suppliers are paid and cash moves around the NHS. The Coronavirus outbreak is being dealt with as a business incident within the Company and as such a governance structure to direct the Company's response has been established. Management has put in place plans to manage this situation including the expected workforce pressures within NHS Shared Business Services Limited, internal and external communications, business continuity plans, and supplier management.

In line with government guidance, a large proportion of our staff are working from home and we are aiming to transition most functions of our business to a home-working model. We are reviewing government advice each day and have invoked company-wide business continuity management to best support our staff and client service delivery, proactively implementing proportionate policy and process updates in response to impact and risk. We continue to communicate daily with our employees and are implementing hygiene, travel, work and medical advice in line with government guidance across all sites. Some of the measures we have already put in place to protect our staff include office closures, social distancing to limit contagion, and remote working whenever possible.

#### FINANCIAL KEY PERFORMANCE INDICATORS

	<b>2019</b>	<i>2018</i>	<b>Change</b>
	<b>£000</b>	<i>£000</i>	<b>%</b>
Turnover	<b>81,526</b>	<i>76,170</i>	<b>7.0</b>
Profit Before Tax	<b>9,719</b>	<i>7,976</i>	<b>21.9</b>

#### OTHER KEY PERFORMANCE INDICATORS

	<b>2019</b>	<i>2018</i>
Number of Service Contracts	<b>190</b>	<i>200</i>
Finance and Accounting Transaction Volumes	<b>7,257,933</b>	<i>7,321,698</i>
Net Promoter Score	<b>+45</b>	<i>+30</i>
Operating Profit Percentage	<b>11.9%</b>	<i>10.4%</i>

#### DIRECTORS' SECTION 172(1) STATEMENT OF COMPLIANCE WITH DUTY TO PROMOTE THE SUCCESS OF THE COMPANY

Our continuing three-year corporate strategy is in place to promote the success of the business and the long-term interests of our various stakeholders – including both of our shareholders: Sopra Steria Limited and the Department for Health and Social Care (DHSC). Our strategy is aligned to the NHS strategic imperatives (such as the NHS Long-Term Plan) to ensure our clients can meet the demands placed on them by the government, and so that the services we offer continue to be relevant and widely-adopted. This includes a number of strategic objectives that consider the interests of our key stakeholders, including an ambition to save all new NHS SBS clients between 20% and 30% of their operating costs; to be recognised by our customers as a trusted partner with a Net Promoter Score (NPS) of above 50; and to ensure our people regard NHS SBS as a great place to work with a GPTW score of 70+ by 2023.

**STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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Our strategic focus on facilitating close working relationships with our NHS clients has been the biggest driver behind the upwards trajectory of our Net Promoter Score (NPS). A number of initiatives are in place to ensure this positive engagement continues, such as user forums, customer boards, Great Client Programme and our Foundation Client Programme, which are focused on achieving service excellence and developing new offers that fulfil the changing requirements of our customer base. As well as face-to-face meetings we are also in frequent communication with our clients via a bi-monthly client newsletter and operational updates as required.

We are committed to effective two-way dialogue with our employees. To ensure that they are involved in the future success of the Company we have a number of forums that have provided our people with the opportunity to contribute to the business decisions we have taken in 2019. Details of this engagement with our employees are shown on page 12.

Having strong relationships with our suppliers is key to the success of the Company. We work closely with a number of technology partners and other suppliers to deliver systems for the NHS, such as our Oracle ERP platform and The Edge4Health, and have measures in place to ensure appropriate joint governance. We have introduced a supplier newsletter to keep them updated as to business developments and any new opportunities to work more closely together. Our Head of Supplier Partnership manages a dedicated team that is focused on maintaining positive relationships with suppliers.

We are committed to incorporating sustainability into all aspects of our business. To demonstrate this, we support the NHS National Sustainability Day and our pledge – to reduce non-essential business travel by encouraging the use of technology to facilitate meetings – is being embedded across the organisation as best practice. We encourage and support our employees to make a difference to our local communities by facilitating charitable work. Every year, we dedicate one day for employees from our different office sites to raise funds for their chosen charities or carry out voluntary work in their local community. In 2019, through our parent company, Sopra Steria Limited, we have partnered with the Ben Kinsella Trust to support its work against youth knife crime in the United Kingdom.

This report was approved by the board on 27 March 2020 and signed on its behalf.

**P A Cashmore**  
Secretary

**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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The Directors present their report and the financial statements for the year ended 31 December 2019.

**DIRECTORS' RESPONSIBILITIES**

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

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

In preparing these financial statements, the Directors are required to:

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

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

**RESULTS AND DIVIDENDS**

The profit for the year, after taxation, amounted to £7,882 thousand (2018: £6,434 thousand).

During the year, the Company paid a dividend of £4 million (2018: £nil). The Board has resolved to pay a further dividend of £4 million in 2020.

**DIRECTORS**

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

D S Ahluwalia  
D A Edmonds (Chairman)  
J A S Jewitt  
B M P Masterson  
M J Thorman  
J P Torrie

**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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**FUTURE DEVELOPMENTS**

The Company's corporate strategy is built on a commitment to transform and innovate for the future, which includes investing to enhance our current services, but also in new areas that will benefit the wider NHS.

In 2020, we will aim to grow our newly-launched Innovation & Technology Services business area by contracting with new NHS clients. Similarly, we intend to expand our digital consultancy offer to help a greater number of NHS clients overcome their specific barriers to success.

Linked to this, as part of our Foundation Client Programme, we will look to launch our new Patient Booking service and an East of England DigiLab to benefit NHS partners across the region. In addition, we will aim to expand our base of Foundation Clients in 2020, working closely with our clients to co-develop new services to bring to market.

Building on the success of initiatives like our MySBSPay app, The Edge4Health and PHBChoices in 2019, we aim to further develop our digital platforms in the coming year, taking steps to further increase the number of NHS employees and organisations that use them.

Key to our innovation ambition is the ongoing evolution of our ERP (Enterprise Resource Planning) platform. The current aim is to complete the move of our ERP to Oracle cloud hosting environment in 2020.

**ENGAGEMENT WITH EMPLOYEES**

In an effort to make the Company a great place to work for our workforce, a number of employee initiatives were in place and successful in 2019.

Our employee representative group, known as U2, continued to meet bi-monthly with senior management to represent the views and interests of colleagues across the business. Updates about topics discussed were then fed back to all employees.

The Employee Engagement Network (EEN), meanwhile, is a monthly meeting of local representatives from each of our office locations, which deals with localised topics, such as HR, Facilities, Sports & Social, and Charity & Fundraising.

Based on feedback collated from the Great Place to Work (GPTW) survey in 2018, we put in place a People Plan 2019, which focused on six key areas – Career & Development, Communication & Involvement, Reward, Strategy & Direction, Values and Wellbeing.

In 2019, we continued to support employees with professional qualifications and individual training requests, in addition to larger-scale training programmes across the business. This year has also seen a rise in employees taking the opportunity of our apprenticeship programmes.

The newest addition to our development courses this year was the introduction of the Transformational Leadership Course, primarily aimed at senior managers within the organisation. Elsewhere, our Talent Development Cohort Three finale took place in March, providing an opportunity for each of the groups to share their personal journeys and project outputs with the Executive Management Team. An Inspirational People course was also open to every permanent employee from any area or level in the organisation.

Our training and development programmes enable employees to help shape and be part of the future direction and success of the business.

**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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Throughout 2019, we have made a number of changes to our corporate communications, including new email banners for consistency and familiarity. We continue to streamline our communications into regular bulletins (The Buzz, Project Update, People Update) to avoid multiple employee emails. This year we developed and introduced a standard Company Communications Toolkit, placing importance on communication and offering basic guidance for consistency across the organisation.

In 2019, we also reviewed our core offer for new employees and introduced a revised maternity package for those on standard terms and conditions. We also ensured there were a wide range of benefits for all our employees via a new Lifestyle microsite.

We have placed more emphasis on ensuring that employees understand our corporate strategy and our transformation agenda. Our senior executive team have led Employee Briefing events to communicate this to all employees. We have also introduced new resources on our intranet and have refreshed our new starter induction to better explain and describe our corporate strategy.

Another priority this year, which was also based on direct employee feedback, was to continually promote our company values. We did this by incorporating a refreshed portfolio of values artwork across all of our internal communication channels and actively promoted employees that demonstrate our values via our monthly star awards and employee choice awards.

As a result of the steps we have taken to continually promote employee involvement and wellbeing, our Great Place to Work (GPTW) score for 2019 was 65% - up from 64% in 2018 and 61% in 2017.

#### **EQUALITY AND DIVERSITY**

Equal opportunities and diversity are promoted as part of employment with the Company. A dedicated policy outlines the commitment to a working environment that is free from discrimination and that values all employees as individuals. The Company employs people from all parts of the community regardless of age, gender, gender identity, marital status, disability, ethnicity, religious belief or sexual orientation.

For applicants who consider themselves to have a disability the Company ensures reasonable adjustments are made where required. In the event of employees becoming disabled whilst in employment, every effort is made to support them in continuing their employment.

In 2019, we have introduced and promoted a number of Diversity and Inclusion Networks, alongside our colleagues in Sopra Steria Limited.

#### **DISCLOSURE OF INFORMATION TO AUDITOR**

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

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

**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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**EVENTS AFTER THE REPORTING PERIOD**

Subsequent to the end of the reporting period, the COVID-19 pandemic has led to changes in the Company's operations. Some of the measures already in place to protect our staff include office closures, social distancing to limit contagion, and remote working whenever possible.

We continue to communicate daily with our employees and are implementing hygiene, travel, work and medical advice in line with government guidance across all sites.

No adjustment has been made to the 2019 results in respect of COVID-19 and the effect on 2020 is yet to be fully clarified.

**AUDITOR**

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

This report was approved by the board on 27 March 2020 and signed on its behalf.

P A Cashmore  
Secretary



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NHS SHARED BUSINESS SERVICES LIMITED**

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**Opinion**

We have audited the financial statements of NHS Shared Business Services Limited (the 'Company') for the year ended 31 December 2019 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis for opinion**

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

**The impact of uncertainties due to both the COVID-19 coronavirus and the United Kingdom exiting the European Union on our audit**

The Directors' view on the impacts of the COVID-19 coronavirus and Brexit are disclosed on pages 8 and 9 respectively.

The full impact following the recent emergence of the global coronavirus is still unknown. It is therefore not currently possible to evaluate all the potential implications to the company's trade, customers, suppliers and the wider economy.

The United Kingdom withdrew from the European Union on 31 January 2020 and entered into an Implementation Period which is scheduled to end on 31 December 2020. However the terms of the future trade and other relationships with the European Union are not yet clear, and it is therefore not currently possible to evaluate all the potential implications to the company's trade, customers, suppliers and the wider economy.

We considered the impacts of COVID-19 coronavirus and Brexit on the company as part of our audit procedures, applying a standard firm wide approach in response to the uncertainty associated with the company's future prospects and performance.

However, no audit should be expected to predict the unknowable factors or all possible implications for the company and this is particularly the case in relation to both COVID-19 coronavirus and Brexit.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NHS SHARED BUSINESS SERVICES LIMITED (CONTINUED)**

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**Conclusions relating to going concern**

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

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

**Other information**

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

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

We have nothing to report in this regard.

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

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

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

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

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

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NHS SHARED BUSINESS SERVICES LIMITED (CONTINUED)

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**Responsibilities of Directors**

As explained more fully in the Directors' responsibilities statement set out on page 11, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

**Use of the audit report**

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



Louis Burns (Senior statutory auditor)

for and on behalf of

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

27 March 2020

**NHS SHARED BUSINESS SERVICES LIMITED**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Note	2019 £000	2018 £000
Turnover	3	81,526	76,170
Administrative expenses		(71,800)	(68,250)
Other operating income	4	-	6
<b>OPERATING PROFIT</b>	5	<b>9,726</b>	7,926
Interest receivable and similar income	9	326	238
Interest payable and similar expenses	10	(232)	(91)
Other finance expense	11	(101)	(97)
<b>PROFIT BEFORE TAX</b>		<b>9,719</b>	7,976
Tax on profit	12	(1,837)	(1,542)
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<b>7,882</b>	6,434
<b>OTHER COMPREHENSIVE INCOME:</b>			
<b>ITEMS THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS:</b>			
Actuarial (loss) / gain on defined benefit schemes	25	(3,503)	751
Deferred tax credit / (charge) regarding pension contribution excess		623	(59)
Current tax (charge) regarding pension contribution excess		(27)	(69)
		<b>(2,907)</b>	623
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>4,975</b>	7,057

IFRS16 was adopted on 1 January 2019 without restating prior year figures. As a result, the primary statements are shown under an IFRS16 basis for 2019 and an IAS17 basis for 2018. Note 1.5 provides a reconciliation between the two measures.

The notes on pages 22 to 53 form part of these financial statements.

**NHS SHARED BUSINESS SERVICES LIMITED**  
**REGISTERED NUMBER: 05280446**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2019**

	Note	2019 £000	2018 £000
<b>FIXED ASSETS</b>			
Goodwill	14	633	633
Other intangible assets	15	6,472	7,127
Tangible assets	16	5,725	1,225
Investments	17	1	1
		12,831	8,986
<b>CURRENT ASSETS</b>			
Debtors	18	15,395	13,565
Cash and cash equivalents		48,650	40,038
		64,045	53,603
Creditors: amounts falling due within one year	19	(14,907)	(11,082)
<b>NET CURRENT ASSETS</b>		49,138	42,521
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		61,969	51,507
Creditors: amounts falling due after more than one year	20	(7,596)	(847)
		54,373	50,660
<b>PROVISIONS FOR LIABILITIES</b>			
Provisions	22	(1,441)	(1,850)
		(1,441)	(1,850)
<b>NET ASSETS EXCLUDING PENSION LIABILITY</b>		52,932	48,810
Pension liabilities	25	(8,154)	(4,482)
<b>NET ASSETS</b>		44,778	44,328

**NHS SHARED BUSINESS SERVICES LIMITED**  
**REGISTERED NUMBER: 05280446**

**STATEMENT OF FINANCIAL POSITION (CONTINUED)**  
**AS AT 31 DECEMBER 2019**

	Note	2019 £000	2018 £000
<b>CAPITAL AND RESERVES</b>			
Called up share capital	23	11	11
Share premium account		152	152
Retained earnings		44,615	44,165
<b>SHAREHOLDERS' FUNDS</b>		<b>44,778</b>	<b>44,328</b>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 27 March 2020.



**D S Ahluwalia**  
Director

The notes on pages 22 to 53 form part of these financial statements.

**NHS SHARED BUSINESS SERVICES LIMITED**

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

	Called up share capital (note 23) £000	Share premium account £000	Retained earnings £000	Total equity £000
<b>At 1 January 2018</b>	<b>11</b>	<b>152</b>	<b>37,028</b>	<b>37,191</b>
<b>COMPREHENSIVE INCOME FOR THE YEAR</b>				
Profit for the year (as restated)	-	-	<b>6,434</b>	<b>6,434</b>
Actuarial gains on pension scheme	-	-	<b>751</b>	<b>751</b>
Current tax regarding pension contribution excess	-	-	<b>(69)</b>	<b>(69)</b>
Deferred tax regarding pension contribution excesss	-	-	<b>(59)</b>	<b>(59)</b>
<b>OTHER COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>-</b>	<b>-</b>	<b>623</b>	<b>623</b>
Share-based payments	-	-	<b>80</b>	<b>80</b>
<b>At 1 January 2019 (as previously stated)</b>	<b>11</b>	<b>152</b>	<b>44,165</b>	<b>44,328</b>
Impact of change in accounting policy IFRS 16 (note 1.5)	-	-	<b>(622)</b>	<b>(622)</b>
<b>At 1 January 2019 (adjusted balance)</b>	<b>11</b>	<b>152</b>	<b>43,543</b>	<b>43,706</b>
<b>COMPREHENSIVE INCOME FOR THE YEAR</b>				
Profit for the year	-	-	<b>7,882</b>	<b>7,882</b>
Actuarial losses on pension scheme	-	-	<b>(3,503)</b>	<b>(3,503)</b>
Current tax regarding pension contribution excess	-	-	<b>(27)</b>	<b>(27)</b>
Deferred tax regarding pension contribution excess	-	-	<b>623</b>	<b>623</b>
<b>OTHER COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>-</b>	<b>-</b>	<b>(2,907)</b>	<b>(2,907)</b>
Dividends paid	-	-	<b>(4,000)</b>	<b>(4,000)</b>
Share-based payments	-	-	<b>97</b>	<b>97</b>
<b>AT 31 DECEMBER 2019</b>	<b>11</b>	<b>152</b>	<b>44,615</b>	<b>44,778</b>

The notes on pages 22 to 53 form part of these financial statements.

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

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**1. ACCOUNTING POLICIES**

**1.1 Basis of preparation of financial statements**

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

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

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

The Company is exempt from preparing consolidated financial statements under s400 of the Companies Act 2006 as at 31 December 2019, its ultimate parent, Sopra Steria Group S.A., prepares and publishes consolidated accounts which include the results of the Company and are publicly available.

The following principal accounting policies have been applied:

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

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

- certain comparative information as otherwise required by EU-endorsed IFRS;
- certain disclosures regarding the Company's capital;
- certain disclosures regarding the Company's revenue;
- certain disclosures regarding the Company's leases;
- a statement of cash flows;
- the effect of future accounting standards not yet adopted; and
- the disclosure of the remuneration of key management personnel.

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

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

The financial statements of Sopra Steria Group S.A can be obtained as described in note 29.



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

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**1. ACCOUNTING POLICIES (CONTINUED)**

**1.3 Adoption of new and revised standards**

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

	EU effective date, periods beginning on or after
IFRIC 23 Uncertainty over Income Tax Treatments	1 January 2019
Amendments to IAS 19 Employee Benefits: Plan Amendment, Curtailment or Settlement	1 January 2019
IFRS9 – Amendments to prepayments with negative compensation	1 January 2019
Annual improvements to IFRSs (2015 – 2017 Cycle)	1 January 2019
Amendments to IAS 28 Investments in Associates and Joint Ventures: Long-term Interests in Associates and Joint Ventures	1 January 2019

**1.4 Going concern**

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

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

The COVID-19 situation is evolving rapidly and the Company continues to monitor the situation with focus on supporting our clients and the wider NHS in ensuring that staff are paid, orders are processed, suppliers are paid and cash moves around the NHS. The Company is integral to the NHS and will continue to operate during this pandemic. The majority of customer contracts are to support NHS customers and these will continue and revenue is secure. The Company has a strong cash balance should any customer payments be delayed. The Company continues to work closely with our suppliers to ensure services continue and suppliers are paid promptly.

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

**1.5 Impact of new International Reporting Standards, Amendments and Interpretations**

**IFRS 16**

The Company has applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 January 2019. As shown in note 1.7, IFRS 16 has been applied to leases of property and equipment in 2019, but the principles of IAS 17 apply for the 2018 comparative period.

The weighted average incremental borrowing rate applied to lease liabilities recognised in the statement of financial position at the date of initial application was 3.7%.

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

1. ACCOUNTING POLICIES (CONTINUED)

Impact of new International Reporting Standards, Amendments and Interpretations  
1.5 (continued)

There is no material difference between the net present value of the operating lease commitments disclosed at the end of the prior reporting period and the lease liabilities recorded at the date of initial application of IFRS 16.

The following table summarises the impacts of adopting new reporting standards on the Company's financial statements.

Statement of Financial Position (extract)

	31 December 2018 As originally presented £000	IFRS 16 £000	1 January 2019 Adjusted balance £000
<b>FIXED ASSETS</b>			
Tangible assets	1,225	5,597	6,822
	<u>8,986</u>	<u>5,597</u>	<u>14,583</u>
<b>CURRENT ASSETS</b>			
Debtors	13,565	(295)	13,270
Creditors: amounts falling due within one year	(11,082)	(1,749)	(12,831)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<u>51,507</u>	<u>3,553</u>	<u>55,060</u>
Creditors: amounts falling due after more than one year	(847)	(4,175)	(5,022)
<b>NET ASSETS</b>	<u><u>44,328</u></u>	<u><u>(622)</u></u>	<u><u>43,706</u></u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	11	-	11
Share premium account	152	-	152
Profit and loss account	44,165	(622)	43,543
	<u><u>44,328</u></u>	<u><u>(622)</u></u>	<u><u>43,706</u></u>

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

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1. ACCOUNTING POLICIES (CONTINUED)

1.6 Revenue

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

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money. Typically, satisfaction of performance obligations matches invoice timing and payment, occurring on a monthly basis.

Where the Company enters into contracts that have delivery penalties such as service credits and milestone delay payments, at contract inception, the Company uses its accumulated historical experience to estimate the expected reduction in the transaction price for such refunds. This assessment is updated regularly once the contract has commenced with any subsequent remeasurement being treated as an adjustment to revenue.

**Sale of goods**

Revenue from the sale of goods is recognised on the satisfaction of performance obligations, such as the transfer of a promised good, identified in the contract between the Company and the customer.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

**Rendering of services**

Revenue from providing services is recognised in the accounting period in which the services are rendered.

For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided because the customer receives and uses the benefits simultaneously.

Where contracts include multiple performance obligations, the transaction price will be allocated to each performance obligation based on the stand-alone selling prices. Where these are not directly observable, they are estimated based on expected cost plus margin. For service contracts including a goods element, revenue for the separate good is recognised at a point in time when the good is delivered, the legal title has passed and the customer has accepted the good.

Typically when the Company wins new business, migration work is performed to transfer the customer onto Company systems and processes. Under IFRS 15, migration work is not considered a distinct performance obligation, hence the associated income is spread over the expected contract period, with costs deferred where they meet the definition of costs to fulfil a contract.

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

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1. ACCOUNTING POLICIES (CONTINUED)

1.7 Leases

**The Company as a lessee**

The Company leases various properties and equipment. Rental contracts are typically for fixed periods of 3 to 6 years for equipment and 5 to 20 years for property.

Until the end of 2018, leases of property and equipment were classified as either finance or operating leases. From 1 January 2019, leases are recognised as a right-of-use asset with a corresponding liability.

The Company assesses whether a contract is or contains a lease, at inception of a contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low-value assets. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate based on Group financing operations.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is included in 'Creditors' on the Statement of Financial Position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised payment stream.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

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

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1. ACCOUNTING POLICIES (CONTINUED)

1.7 Leases (continued)

Whenever the Company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. The costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated on a straight-line basis, over the lease-term for property and the shorter of lease-term and useful life of the underlying asset for equipment. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are included in the 'Tangible Fixed Assets' lines, as applicable, in the Statement of Financial Position.

The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in note 1.10.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has not used this practical expedient.

**The Company as a lessor**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease-term.

When the Company is an intermediate lessor, it accounts for the head-lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head-lease.

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

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**1. ACCOUNTING POLICIES (CONTINUED)**

**1.8 Goodwill**

Goodwill represents the excess of the cost of a business combination over the total acquisition date fair value of the identifiable assets, liabilities and contingent liabilities acquired.

Cost comprises the fair value of assets given, liabilities assumed and equity instruments issued.

When a business combination agreement provides for an adjustment to the cost of the combination which is contingent on future events, the company includes the estimated amount of that adjustment in the cost of the combination at the acquisition date if the adjustment is probable and can be measured reliably. However, if the potential adjustment is not recognised at the acquisition date but subsequently becomes probable and can be measured reliably, the additional consideration shall be treated as an adjustment to the cost of the combination. Changes in the estimated value of contingent consideration arising on business combinations completed as a consequence result in a change in the carrying value of the related goodwill.

Goodwill is capitalised as an intangible asset and is not amortised. Instead it is reviewed annually for impairment with any impairment in carrying value being charged to profit or loss. The Companies Act 2006 requires acquired goodwill to be reduced by provisions for depreciation calculated to write off the amount systematically over a period chosen by the Directors, not exceeding its useful economic life. It has been deemed that the non-amortisation of goodwill is a departure, for the overriding purpose of giving a true and fair view. The effect of this departure has been quantified as an increase to profits of £72 thousand (2018: £59 thousand) and an increase to equity of £314 thousand (2018: £242 thousand).

**1.9 Other intangible assets**

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

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

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

The estimated useful lives range as follows:

Software development	-	3 to 10 years
Contracts	-	10 years

**1.10 Tangible fixed assets**

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

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

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**1. ACCOUNTING POLICIES (CONTINUED)**

**1.10 Tangible fixed assets (continued)**

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

Depreciation is provided on the following basis:

Leasehold property	-	Matched to length of property lease
Fixtures and fittings	-	20%, or matched to length of property lease
Computer and other equipment	-	20% to 33%, or matched to length of lease

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

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

**1.11 Valuation of Investments**

Investments in subsidiaries are measured at cost less accumulated impairment. Where merger relief is applicable, the cost of the investment in a subsidiary undertaking is measured at the nominal value of the shares issued together with the fair value of any additional consideration paid.

**1.12 Cash and Cash Equivalents**

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

**1.13 Financial Instruments**

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

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

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1. ACCOUNTING POLICIES (CONTINUED)

1.13 Financial Instruments (continued)

**Financial assets**

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

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

Financial assets are initially measured at fair value and are subsequently measured at either fair value or amortised cost, depending on the classification of the financial assets.

The Company recognises lifetime expected credit losses (ECL) for trade receivables and amounts due on contracts with customers. The expected credit losses on these financial assets are estimated based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

**Financial liabilities**

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

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

Financial assets and financial liabilities are initially measured at fair value.

All recognised financial assets are subsequently measured in their entirety at either fair value or amortised cost, depending on the classification of the financial assets.



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

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**1. ACCOUNTING POLICIES (CONTINUED)**

**1.14 Foreign Currency Translation**

**Functional and presentation currency**

The Company's functional and presentational currency is GBP.

**Transactions and balances**

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

**1.15 Finance Costs**

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

**1.16 Dividends**

Equity dividend distributions are recognised when they become legally payable. Interim distributions are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

**1.17 Share-based payments**

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the Statement of Comprehensive Income over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each Statement of Financial Position date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the Company keeping the scheme open or the employee maintaining any contributions required by the scheme).

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

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1. ACCOUNTING POLICIES (CONTINUED)

1.18 Pensions

**Defined contribution pension plan**

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

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

**Defined benefit pension plan**

The Company operates a defined benefit plan for certain employees. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including but not limited to age, length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan.

The liability recognised in the Statement of Financial Position in respect of the defined benefit plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets at the end of the reporting period (if any) out of which the obligations are to be settled.

The defined benefit obligation is calculated using the projected unit credit method. Annually the Company engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating to the estimated period of the future payments ('discount rate').

The fair value of plan assets is measured in accordance with the FRS 101 fair value hierarchy and in accordance with the Company's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as 'Remeasurement of net defined benefit liability'.

The cost of the defined benefit plan, recognised in profit or loss as employee costs, except where included in the cost of an asset, comprises:

- a) the increase in net pension benefit liability arising from employee service during the period; and
- b) the cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in profit or loss as a 'finance expense'.

1.19 Interest Income

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

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

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**1. ACCOUNTING POLICIES (CONTINUED)**

**1.20 Provisions for Liabilities**

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

**1.21 Current and deferred taxation**

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

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

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the end of the reporting period date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

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

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

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

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

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

**Key sources of estimation uncertainty**

**Defined benefit pension plans**

The valuation of a defined benefit pension plan requires management to exercise its judgement when calculating the most appropriate assumptions upon which to base the valuation, especially the discount rate. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Company considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension obligation. Additional information is disclosed in note 25.

**Lease accounting**

Lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Company, then the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

In determining the lease-term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease-term if the lease is reasonably certain to be extended (or not terminated).

The lease-term is reassessed if an option is actually exercised (or not exercised) or the Company becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

**Key areas of judgment**

**Intangible assets**

The development of intangible assets involves some uncertainty around the future economic benefits being derived from the asset, but this is managed through supervision of projects, review of projections and control of costs.

The useful economic lives of intangible assets are selected by the Directors based on the period the

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## NHS SHARED BUSINESS SERVICES LIMITED

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

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#### 2. JUDGMENTS IN APPLYING ACCOUNTING POLICIES (CONTINUED)

assets are expected to be in use. The useful economic lives of intangible assets are then reviewed each period and amortisation adjusted in line with any changes. The carrying values of intangible assets are shown in note 15.

##### Provisions

There is some uncertainty surrounding the amount required to settle obligations. The Directors use their judgment and, where necessary, professional advice to estimate the likely outcome.

#### 3. TURNOVER

All turnover arose within the United Kingdom.

Revenue is recognised over time, based on the output method. The outputs are typically monthly support performance or transaction volumes which faithfully depict the substance of the customer contract.

#### 4. OTHER OPERATING INCOME

	<b>2019</b>	<i>2018</i>
	<b>£000</b>	<i>£000</i>
Net rents receivable	-	6
	<u>          </u>	<u>          </u>

#### 5. OPERATING PROFIT

The operating profit is stated after charging:

	<b>2019</b>	<i>2018</i>
	<b>£000</b>	<i>£000</i>
Depreciation of tangible fixed assets	<b>2,376</b>	699
Amortisation of intangible assets	<b>2,443</b>	2,310
Exchange differences	-	1
Share-based payments	<b>97</b>	80
	<u>          </u>	<u>          </u>

#### 6. AUDITOR'S REMUNERATION

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

	<b>2019</b>	<i>2018</i>
	<b>£000</b>	<i>£000</i>
Fees for the audit of the Company	<b>72</b>	70
	<u>          </u>	<u>          </u>

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**NHS SHARED BUSINESS SERVICES LIMITED**

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

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**7. EMPLOYEES**

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

	<b>2019</b>	<i>2018</i>
	<b>£000</b>	<i>£000</i>
Wages and salaries	<b>29,188</b>	<i>24,757</i>
Social security costs	<b>2,812</b>	<i>2,466</i>
Pension costs (Defined Benefit - see note 25)	<b>1,994</b>	<i>2,312</i>
Pension costs (Defined Contribution including the NHS Pension Scheme - see note 25)	<b>2,196</b>	<i>1,430</i>
	<b>36,190</b>	<i>30,965</i>

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

	<b>2019</b>	<i>2018</i>
	<b>No.</b>	<i>No.</i>
Operations	<b>840</b>	<i>730</i>
Administration	<b>104</b>	<i>95</i>
Management	<b>11</b>	<i>11</i>
	<b>955</b>	<i>836</i>

**8. DIRECTORS' REMUNERATION**

	<b>2019</b>	<i>2018</i>
	<b>£000</b>	<i>£000</i>
Directors' emoluments	<b>92</b>	<i>92</i>

During the year no retirement benefits were accrued to Directors (2018: none) in respect of defined contribution or defined benefit pension schemes.

D S Ahluwalia and J P Torrie are also directors of other Sopra Steria Group companies in the United Kingdom. The Directors do not believe that it is practicable to apportion their remuneration between their services as Directors of the Company and their services as Directors of other Sopra Steria Group companies. Their remuneration is disclosed in the accounts of Sopra Steria Limited.

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**NHS SHARED BUSINESS SERVICES LIMITED**

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

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**9. INTEREST RECEIVABLE AND SIMILAR INCOME**

	<b>2019</b>	<i>2018</i>
	<b>£000</b>	<i>£000</i>
Bank interest receivable	<b>316</b>	<i>238</i>
Other interest receivable	<b>10</b>	<i>-</i>
	<b>326</b>	<i>238</i>

**10. INTEREST PAYABLE AND SIMILAR EXPENSES**

	<b>2019</b>	<i>2018</i>
	<b>£000</b>	<i>£000</i>
Bank interest payable	<b>46</b>	<i>52</i>
Interest on lease liabilities	<b>182</b>	<i>-</i>
Other interest payable	<b>4</b>	<i>39</i>
	<b>232</b>	<i>91</i>

**11. OTHER FINANCE EXPENSES**

	<b>2019</b>	<i>2018</i>
	<b>£000</b>	<i>£000</i>
Interest income on pension scheme assets	<b>1,170</b>	<i>1,048</i>
Interest on defined benefit obligation	<b>(1,271)</b>	<i>(1,145)</i>
	<b>(101)</b>	<i>(97)</i>

**NHS SHARED BUSINESS SERVICES LIMITED**

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

**12. TAXATION**

	<b>2019</b>	<i>2018</i>
	<b>£000</b>	<i>£000</i>
<b>CORPORATION TAX</b>		
Current tax on profits for the year	1,831	1,702
Adjustments in respect of previous periods	(88)	(227)
<b>TOTAL CURRENT TAX</b>	<b>1,743</b>	<i>1,475</i>
<b>DEFERRED TAX</b>		
Deferred tax - current year	24	(152)
Deferred tax - prior year	70	219
<b>TOTAL DEFERRED TAX</b>	<b>94</b>	<i>67</i>
<b>TAXATION ON PROFIT ON ORDINARY ACTIVITIES</b>	<b>1,837</b>	<i>1,542</i>

**FACTORS AFFECTING TAX CHARGE FOR THE YEAR**

The tax assessed for the year is lower than (*2018: higher than*) the standard rate of corporation tax in the UK of 19% (*2018: 19%*). The differences are explained below:

	<b>2019</b>	<i>2018</i>
	<b>£000</b>	<i>£000</i>
Profit on ordinary activities before tax	<b>9,718</b>	<i>7,976</i>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% ( <i>2018: 19%</i> )	<b>1,846</b>	<i>1,515</i>
<b>EFFECTS OF:</b>		
Expenses not deductible for tax purposes	<b>28</b>	<i>36</i>
SIP share deductions	<b>(19)</b>	<i>(18)</i>
Share-based payments	<b>18</b>	<i>15</i>
Other share deductions	<b>(1)</b>	<i>(25)</i>
Research and development claims	<b>(13)</b>	<i>-</i>
Rate differences regarding deferred tax	<b>(4)</b>	<i>27</i>
Adjustments to tax charge in respect of prior periods	<b>(18)</b>	<i>(8)</i>
<b>TOTAL TAX CHARGE FOR THE YEAR</b>	<b>1,837</b>	<i>1,542</i>



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**NHS SHARED BUSINESS SERVICES LIMITED**

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

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**12. TAXATION (CONTINUED)**

**FACTORS THAT MAY AFFECT FUTURE TAX CHARGES**

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

**13. DIVIDENDS**

	<b>2019</b>	<i>2018</i>
	<b>£000</b>	<i>£000</i>
Dividends paid	<b>4,000</b>	<i>-</i>

**Proposed dividend**

In January 2020, the Directors proposed a further dividend of £4 million.

**14. GOODWILL**

	<b>2019</b>
	<b>£000</b>
<b>COST</b>	
At 1 January 2019	<b>716</b>
<b>AT 31 DECEMBER 2019</b>	<b>716</b>
<b>AMORTISATION</b>	
At 1 January 2019	<b>83</b>
<b>AT 31 DECEMBER 2019</b>	<b>83</b>
<b>NET BOOK VALUE</b>	
<b>AT 31 DECEMBER 2019</b>	<b>633</b>
<i>At 31 December 2018</i>	<i>633</i>

**NHS SHARED BUSINESS SERVICES LIMITED**

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

**15. OTHER INTANGIBLE ASSETS**

	Software development £000	Contracts £000	Total £000
<b>COST</b>			
At 1 January 2019	35,333	975	36,308
Additions - external	117	-	117
Additions - internal	1,671	-	1,671
At 31 December 2019	<u>37,121</u>	<u>975</u>	<u>38,096</u>
<b>AMORTISATION</b>			
At 1 January 2019	28,832	349	29,181
Charge for the year on owned assets	2,345	98	2,443
At 31 December 2019	<u>31,177</u>	<u>447</u>	<u>31,624</u>
<b>NET BOOK VALUE</b>			
At 31 December 2019	<u>5,944</u>	<u>528</u>	<u>6,472</u>
<i>At 31 December 2018</i>	<u>6,501</u>	<u>626</u>	<u>7,127</u>

Included under Software development are assets in development, for which amortisation will not be charged until the asset completion date. The value of assets in development as at 31 December 2019 is £1,374 thousand (2018: £1,960 thousand).

**NHS SHARED BUSINESS SERVICES LIMITED**

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

**16. PROPERTY, PLANT AND EQUIPMENT**

	Leasehold buildings £000	Right-of- use property £000	Right-of- use equipment £000	Fixtures and fittings £000	Computer equipment £000	Total £000
<b>COST</b>						
At 1 January 2019	192	-	-	600	2,903	3,695
Impact of adoption of IFRS 16	(192)	13,796	1,355	-	-	14,959
At 1 January 2019 (adjusted balance)	-	13,796	1,355	600	2,903	18,654
Additions	-	461	517	-	301	1,279
Disposals	-	(457)	-	-	-	(457)
At 31 December 2019	-	13,800	1,872	600	3,204	19,476
<b>DEPRECIATION</b>						
At 1 January 2019	121	-	-	458	1,891	2,470
Impact of adoption of IFRS 16	(121)	8,740	743	-	-	9,362
At 1 January 2019 (adjusted balance)	-	8,740	743	458	1,891	11,832
Charge for the year on owned assets	-	-	-	61	588	649
Charge for the year on right-of-use assets	-	1,441	286	-	-	1,727
Disposals	-	(457)	-	-	-	(457)
At 31 December 2019	-	9,724	1,029	519	2,479	13,751
<b>NET BOOK VALUE</b>						
At 31 December 2019	-	4,076	843	81	725	5,725
At 31 December 2018	71	-	-	142	1,012	1,225

The net book value of owned and leased assets included as "Tangible fixed assets" in the Statement of Financial Position is as follows:

	<b>2019</b>
	<b>£000</b>
Tangible fixed assets owned	806
Right-of-use tangible fixed assets	4,919
	<u>5,725</u>

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**NHS SHARED BUSINESS SERVICES LIMITED**

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

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**16. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

Information about right-of-use assets is summarised below:

**Net book value**

	<b>2019 £000</b>
Property	<b>4,076</b>
Computer and other equipment	<b>843</b>
	<b>4,919</b>

**Depreciation charge for the year ended**

	<b>2019 £000</b>
Property	<b>1,441</b>
Office and computer equipment	<b>286</b>
	<b>(1,727)</b>

**Additions to right-of-use assets**

	<b>2019 £000</b>
Additions to right-of-use assets	<b>978</b>

**17. FIXED ASSET INVESTMENTS**

	<b>Investments in other companies £000</b>
<b>COST</b>	
At 1 January 2019	<b>1</b>
At 31 December 2019	<b>1</b>

**NHS SHARED BUSINESS SERVICES LIMITED**

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

**18. DEBTORS**

	<b>2019</b>	<i>2018</i>
	<b>£000</b>	<i>£000</i>
<b>DUE AFTER MORE THAN ONE YEAR</b>		
Deferred tax asset	1,857	1,355
	<b>1,857</b>	<i>1,355</i>
<b>DUE WITHIN ONE YEAR</b>		
Trade receivables	4,389	5,866
Amounts owed by group undertakings	6	78
Other debtors	4,101	1,147
Prepayments and accrued income	4,350	4,580
Contract assets	36	42
Tax recoverable	-	281
Amounts recoverable on long-term contracts	656	216
	<b>15,395</b>	<i>13,565</i>

The Company's contract assets represent balances where enforceable right to consideration requires more than just the passage of time or administrative effort. Where a right to consideration exists, but the billing schedule leads to revenue in advance of invoicing, the Company shows such balances as accrued income.

Amounts recoverable on long-term contracts represent cost deferred in accordance with IFRS 15, where the related performance obligation is incomplete.

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

	<b>2019</b>	<i>2018</i>
	<b>£000</b>	<i>£000</i>
Bank overdrafts	133	214
Loans from related parties	149	573
Trade creditors	267	197
Amounts owed to group undertakings	1,411	1,214
Corporation tax	666	-
Other taxation and social security	968	1,084
Lease liabilities	1,648	-
Other creditors	856	1,144
Accruals and deferred income	8,809	6,656
	<b>14,907</b>	<i>11,082</i>

The loan of £149 thousand from a related party is expected to be repaid by 31 December 2020 and is non-interest bearing.

**NHS SHARED BUSINESS SERVICES LIMITED**

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

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

	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>
Loans from related parties	4,135	847
Lease liabilities	3,461	-
	<b>7,596</b>	<b>847</b>
	<b>7,596</b>	<b>847</b>

The loan from a related party is repayable in full by 30 April 2023 and is non-interest bearing. Repayments are based on service billing receipts from customers who have financing agreements with the Company.

**21. DEFERRED TAXATION**

	Accelerated capital allowances £000	Short-term timing differences £000	Pension deficit £000	Total £000
<b>Deferred tax asset</b>				
As at 1 January 2018	640	24	821	1,485
Credited / (charged) to profit or loss	166	(237)	69	(2)
Charged to Other Comprehensive Income	-	-	(59)	(59)
Reclassified to current tax	-	-	(69)	(69)
Other adjustments	-	-	-	-
<b>As at 31 December 2018</b>	<b>806</b>	<b>(213)</b>	<b>762</b>	<b>1,355</b>
	<b>806</b>	<b>(213)</b>	<b>762</b>	<b>1,355</b>

	Accelerated capital allowances £000	Short-term timing differences £000	Pension deficit £000	Total £000
<b>Deferred tax asset</b>				
As at 1 January 2019	806	(213)	762	1,355
(Charged) / credited to profit or loss	(184)	63	27	(94)
Charged to Other Comprehensive Income	-	-	623	623
Reclassified to current tax	-	-	(27)	(27)
Other adjustments	(1)	-	1	-
<b>As at 31 December 2019</b>	<b>621</b>	<b>(150)</b>	<b>1,386</b>	<b>1,857</b>
	<b>621</b>	<b>(150)</b>	<b>1,386</b>	<b>1,857</b>

**NHS SHARED BUSINESS SERVICES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
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**22. PROVISIONS**

	Losses on contracts £000	Other provisions £000	Dilapidation provisions £000	Total £000
At 1 January 2019	754	39	1,057	1,850
Charged to profit or loss	-	-	55	55
Interest unwind	-	-	4	4
Arising on trade purchased	-	-	269	269
Utilised in year	(697)	-	(40)	(737)
<b>AT 31 DECEMBER 2019</b>	<b>57</b>	<b>39</b>	<b>1,345</b>	<b>1,441</b>

The losses on contracts relate to trade purchased from a third party. It is anticipated that these contracts will end in March 2020.

The dilapidation provision covers the estimated costs of returning leasehold property to its original state at the expiration of the lease. It is anticipated that this provision will be used over the period up to 2027.

The other provision relates to potential liabilities in respect of employment legislation and is expected to be used over the next 2 years.

The £40,000 of dilapidation provision utilised in the year includes £14,000 released unused.

**23. SHARE CAPITAL**

	2019 £000	2018 £000
<b>Authorised</b>		
12,000 (2018:12,000) Ordinary shares of £1 each	12	12
<b>Allotted, called up and fully paid</b>		
11,001 (2018:11,001) Ordinary shares of £1 each	11	11

The Company has one class of ordinary shares, each of which ranks pari passu.

**24. CAPITAL COMMITMENTS**

At 31 December 2019 the Company had capital commitments as follows:

	2019 £000	2018 £000
Contracted for but not provided in these financial statements	365	913

NOTES TO THE FINANCIAL STATEMENTS  
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**25. PENSION COMMITMENTS**

Defined Contribution Pension Scheme

The Company makes contributions to a defined contribution scheme operated by the Sopra Steria Group in the UK. The scheme is called the Sopra Steria Group Personal Pension Plan and is open to all employees who are not active members of the Federated Pension Plan or another defined benefit scheme.

As at 31 December 2019, the amount outstanding in respect of the Company's contribution to the scheme was £153,768 (2018: £155,861). The contributions made in respect of the year ended 31 December 2019 totalled £1,889,423 (2018: £1,429,548).

Defined Benefit Pension Scheme (the Federated Pension Plan)

The Federated Pension Plan is an approved, funded defined benefit pension plan. The assets of the plan are held separately from the Company in trustee-administered funds. The pension costs of the plan are charged to the Statement of Comprehensive Income as described in note 1.18. These costs are determined by qualified actuaries on the basis of formal valuations using the projected unit method.

In a defined benefit plan, the risks of meeting the pension obligations are retained by the Company. The last full valuation was at April 2016 which showed assets of £31,270,000 representing 90% of the plan's obligations. On the basis of that valuation, the contributions schedule previously agreed with the trustees involving monthly deficit repair contributions of £16,583 was agreed to be continued. The April 2019 full valuation remains in progress and is expected to be completed soon.

As at 31 December 2019 the amount outstanding in respect of the Company's contribution to the Federated Pension Plan was £146,177 (2018: £159,472). The contributions made in respect of the year ended 31 December 2019 totalled £1,927,000 (2018: £2,002,000).

In addition, the Company makes contributions to the NHS Pension Scheme, a defined benefit pension scheme operated by the Government. The assets and liabilities of this scheme are not controlled by the Company, consequently the Company treats this as a defined contribution scheme and contributions are charged to the Income Statement as they become payable.

As at 31 December 2019, the amount outstanding in respect of the Company's contribution to the scheme was £24,139 (2018: £56,473). The contributions paid or payable in respect of the year ended 31 December 2019 to the NHS Pension Scheme totalled £306,481 (2018: £56,473).

Through its defined benefit pension plan, the Company is exposed to a number of risks, the most significant of which are detailed below:

**Asset volatility:** The plan liabilities are calculated using a discount rate set with reference to corporate bond yields; if plan assets underperform this yield, this will create a deficit. The plan holds a significant proportion of equities, which are expected to outperform corporate bonds in the long-term while providing volatility and risk in the short-term.

**Interest risk:** A decrease in the bond interest rate will increase the plan liability.

**Life expectancy:** The majority of the plan's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plan's liabilities.



**NHS SHARED BUSINESS SERVICES LIMITED**

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

**25. PENSION COMMITMENTS (CONTINUED)**

Composition of plan liabilities:

	<b>2019</b>	<i>2018</i>
	<b>£000</b>	<i>£000</i>
Active	<b>36,763</b>	<i>28,554</i>
Vested deferred	<b>11,568</b>	<i>10,240</i>
Retired	<b>5,678</b>	<i>5,535</i>
<b>TOTAL PLAN LIABILITIES</b>	<b>54,009</b>	<i>44,329</i>

Composition of plan assets:

	<b>2019</b>	<i>2018</i>
	<b>£000</b>	<i>£000</i>
Equities	<b>30,399</b>	<i>26,376</i>
Government bonds	<b>15,199</b>	<i>13,189</i>
Cash	<b>257</b>	<i>281</i>
<b>TOTAL PLAN ASSETS</b>	<b>45,855</b>	<i>39,846</i>

	<b>2019</b>	<i>2018</i>
	<b>£000</b>	<i>£000</i>
Fair value of plan assets	<b>45,855</b>	<i>39,846</i>
Present value of plan liabilities	<b>(54,009)</b>	<i>(44,329)</i>
<b>NET PENSION SCHEME LIABILITY</b>	<b>(8,154)</b>	<i>(4,483)</i>

**NHS SHARED BUSINESS SERVICES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
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**25. PENSION COMMITMENTS (CONTINUED)**

The amounts recognised in profit or loss are as follows:

	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>
Current service cost	(1,994)	(2,311)
Interest on obligation	(1,271)	(1,145)
Interest income on plan assets	1,170	1,048
Past service cost	-	(1)
<b>Defined benefit cost included in Statement of Comprehensive Income</b>	<b>(2,095)</b>	<b>(2,409)</b>
Return on plan assets excluding interest income	4,646	(2,645)
Effect of changes in financial assumptions	(8,593)	3,659
Effect of experience adjustments	214	(360)
Effect of changes in demographic assumptions	383	272
Administrative expenses paid from plan assets	(153)	(175)
<b>Total remeasurements included in Other Comprehensive Income</b>	<b>(3,503)</b>	<b>751</b>

Reconciliation of fair value of plan obligations were as follows:

	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>
Opening defined benefit obligation	(44,329)	(45,155)
Current service cost	(1,994)	(2,311)
Interest on obligation	(1,271)	(1,145)
Past service cost	-	(1)
Effect of changes in financial assumptions	(8,593)	3,659
Effect of experience adjustments	214	(360)
Effect of changes in demographic assumptions	383	272
Benefits payments from plan assets	1,581	712
<b>CLOSING DEFINED BENEFIT OBLIGATION</b>	<b>(54,009)</b>	<b>(44,329)</b>

**NHS SHARED BUSINESS SERVICES LIMITED**

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

**25. PENSION COMMITMENTS (CONTINUED)**

Reconciliation of fair value of plan assets were as follows:

	<b>2019</b>	<i>2018</i>
	<b>£000</b>	<i>£000</i>
Opening fair value of scheme assets	<b>39,846</b>	<i>40,328</i>
Interest income on plan assets	<b>1,170</b>	<i>1,048</i>
Contributions by employer	<b>1,927</b>	<i>2,002</i>
Return on plan assets excluding interest income	<b>4,646</b>	<i>(2,645)</i>
Administrative expenses paid from plan assets	<b>(153)</b>	<i>(175)</i>
Benefit payments from plan assets	<b>(1,581)</b>	<i>(712)</i>
	<b>45,855</b>	<i>39,846</i>
	<b>45,855</b>	<i>39,846</i>

The Company expects to contribute £1.9 million to its Defined Benefit Pension Scheme (the Federated Pension Plan) in 2020.

Principal actuarial assumptions at the Statement of Financial Position date (expressed as weighted averages):

	<b>2019</b>	<i>2018</i>
	<b>%</b>	<i>%</i>
Discount rate	<b>2.07</b>	<i>2.89</i>
Future salary increases	<b>2.92</b>	<i>3.15</i>
RPI price inflation rate	<b>2.92</b>	<i>3.15</i>
Pensions-in-payment increase rate	<b>2.05</b>	<i>2.18</i>
Mortality rates: Assumed life expectancy on retirement at age 65		
- for a male aged 65 now	<b>21.8 years</b>	<i>22.0 years</i>
- at 65 for a male aged 45 now	<b>23.2 years</b>	<i>23.4 years</i>
- for a female aged 65 now	<b>23.7 years</b>	<i>23.9 years</i>
- at 65 for a female member aged 45 now	<b>25.2 years</b>	<i>25.4 years</i>
	<b>25.2 years</b>	<i>25.4 years</i>
	<b>25.2 years</b>	<i>25.4 years</i>

**NOTES TO THE FINANCIAL STATEMENTS  
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**25. PENSION COMMITMENTS (CONTINUED)**

The mortality assumption is based on the S2P generational base tables (2018: S2P tables) with scaling of 100% for males (2018: 100%) and 100% for females (2018: 100%). Future improvements to life expectancy are based on the CMI 2018 projection model (2018: CMI 2017 model) with a 1.25% long-term improvement rate (2018: 1.25%).

The estimated weighted average duration of the defined benefit obligation is 25.4 years (2018: 24.1 years).

The assumptions used by the actuary are best estimates chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice. The below tables show how the defined benefit obligation would be affected by reasonably likely changes in the assumptions, ignoring the relationship between variables.

	<b>0.25% percentage point increase £000</b>	<b>0.25% percentage point decrease £000</b>
Discount rate: Effect on defined benefit obligation: (Reduction) / increase	<b>(3,482)</b>	<b>3,772</b>
Inflation rate: Effect on defined benefit obligation: Increase / (reduction)	<b>3,446</b>	<b>(3,063)</b>

**26. SHARE-BASED PAYMENTS**

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

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

The current SIP was introduced in March 2016. For the year ended 31 December 2019, the Company set a matching level of one matching share for every one partnership shares purchased.

(b) Steria Leverage Scheme

The Leverage scheme offers all employees the opportunity to benefit from the growth in the Sopra Steria S.A. share price over a 5-year period. Shares are purchased up front at a discounted price. At the end of the 5-year period the employees receive the higher of a multiple of the average price increase over the non-discounted price or a percentage per annum on their investment.

(c) Sopra Steria Free Shares

Certain employees of the Company are offered free performance shares. The key features of the free performance share schemes are as follows:

- Participation is at the approval of the General Manager
- All unvested awards have performance conditions
- In order to receive free performance shares the participant must remain an employee or retiree of the Company for a minimum of three years.

**NHS SHARED BUSINESS SERVICES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
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**27. RELATED PARTY TRANSACTIONS**

During the year the Company entered into transactions, in the ordinary course of business, with related parties. Transactions entered into, and trading balances outstanding as at 31 December are detailed below:

	Sales to £000	Purchases from £000	Amounts owing by £000	Amounts owing to £000
Department of Health	1,495	16	1	4,284
Royal Marsden NHS Foundation Trust	761	-	11	-
Sopra Steria Limited	231	13,796	6	1,411
NHS Property Services	460	-	77	-
	<u>2,947</u>	<u>13,812</u>	<u>95</u>	<u>5,695</u>

The comparative figures for the year ended 31 December 2018 were:

	Sales to £000	Purchases from £000	Amounts owing by £000	Amounts owing to £000
Department of Health	1,596	28	153	1,421
Royal Marsden NHS Foundation Trust	774	-	-	3
Sopra Steria Limited	409	13,771	78	1,214
NHS Property Services	582	-	55	-
	<u>3,361</u>	<u>13,799</u>	<u>286</u>	<u>2,638</u>

M J Thorman is a Director of the Company. He is also Chief Financial Officer of an existing client, The Royal Marsden NHS Foundation Trust, resulting in them being a related party.

B M P Masterson is a Director of the Company. He is also a Director of NHS Property Services resulting in them being a related party.

**NOTES TO THE FINANCIAL STATEMENTS  
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**28. EVENTS AFTER THE REPORTING PERIOD**

Subsequent to the end of the reporting period, the COVID-19 pandemic has led to changes in the Company's operations. Some of the measures already in place to protect our staff include office closures, social distancing to limit contagion, and remote working whenever possible.

We continue to communicate daily with our employees and are implementing hygiene, travel, work and medical advice in line with government guidance across all sites.

No adjustment has been made to the 2019 results in respect of COVID-19 and the effect on 2020 is yet to be fully clarified.

**29. CONTROLLING PARTY**

The Company's immediate holding company is Sopra Steria Limited, a company registered in England and Wales.

The Company's ultimate holding company at the end of the reporting period is Sopra Steria Group S.A., a company registered in France. Sopra Steria Group S.A. has included the Company and its immediate holding company in its group accounts, copies of which may be obtained from Sopra Steria Group S.A., PAE les Glaisins, 74940 Annecy-le-Vieux, France. They are also available on the Sopra Steria Group website at [www.soprasteria.com](http://www.soprasteria.com).

The smallest and largest group in which the results of the Company are consolidated is Sopra Steria Group S.A., a company incorporated in France. In these accounts "Group" refers to the group of companies of which Sopra Steria Group S.A. is the ultimate holding company.

**NOTES TO THE FINANCIAL STATEMENTS  
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**30. LEASES**

**Company as a lessee**

The Company leases its property requirements and certain equipment where there are cash flow, financing or risk benefits from doing so.

Lease liabilities are due as follows:

	<b>2019 £000</b>
Not later than one year	1,648
Between one year and five years	3,080
Later than five years	381
	<b>5,109</b>
	<b>5,109</b>

Contractual undiscounted cash flows are due as follows:

	<b>2019 £000</b>
Not later than one year	1,830
Between one year and five years	3,296
Later than five years	495
	<b>5,621</b>
	<b>5,621</b>

Cash flow projections received by The Board ahead of Board meetings indicate that the Company is expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances.

The following amounts in respect of leases, where the Company is a lessee, have been recognised in profit or loss:

	<b>2019 £000</b>
Interest expense on lease liabilities	182
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	1
	<b>183</b>
	<b>183</b>

