Company Registration No. 03365520 (England and Wales)

ROSS & ROBERTS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

ROSS & ROBERTS LIMITED

COMPANY INFORMATION

Directors	L J P Fowler	
	C S Nunn on behalf of Capita Corporate Director Limited	
	M J Shapter	
	P J Snelling	(Appointed 20 July 2021)
Secretary	Capita Group Secretary Limited	
Company number	03365520	
Registered office	42/44 Henry Street Northampton Northamptonshire NN1 4BZ	
Auditor	KPMG LLP 15 Canada Square London E14 5GL	
Banker	Barclays PLC 1 Churchill Place London E14 5HP	

ROSS & ROBERTS LIMITED

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ROSS & ROBERTS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

The Directors present their Director's report and financial statements for the period ended 31 December 2021.

Review of business

Ross & Roberts Limited ("the Company") is a wholly owned subsidiary (indirectly held) of Capita plc (the Company's ultimate parent). Capita plc along with its subsidiaries are hereafter referred to as "the Group". The Company operates within the Group's Capita Portfolio division.

The principal activity of the Company continued to be that of the provision of specialised financial and business services to selected professional markets including local authorities, the legal profession and commercial property owners and managers. Such services include debt recovery, certificated enforcement agents services, process services. There have not been any significant changes in the Company's principal activities in the year under review. The Directors are not aware, at the date of this report, of any likely major changes in the Company's activities in the next year.

As shown in the Company's Income Statement on page 7, revenue has increased from £1,105,419 in 2020 to £1,502,185 in 2021 and the results of the Company has changed from operating loss of £325,310 in 2020 to operating loss of £46,431 over the same period. This increase in revenue, and consequent impact on operating loss, is principally due to the market and business recovery following the 2020 impact of the Covid 19 pandemic.

The balance sheet on page 8 of the financial statements shows the Company's financial position at the year end. Net assets have decreased from £6,288,935 in 2020 to £6,253,909 in 2021. Details of amounts owed by/to its parent company and fellow subsidiary undertakings are shown in notes 8 and 11 to the financial statements..

Results and dividend

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

No dividend was proposed or paid during the year (2020: £nil).

Directors

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

L J P Fowler	
C S Nunn on behalf of Capita Corporate Director Limited	
A R MacTaggart	(Resigned 30 June 2021)
M J Shapter	
P J Snelling	(Appointed 20 July 2021)

Political donations

The Company made no political donations and incurred no political expenditure during the year (2020: £nil).

Auditor

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

ROSS & ROBERTS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

Statement of Directors' responsibilities in respect of the Directors' Report and the financial statements

The Directors are responsible for preparing the Directors’ report and the financial statements in accordance with applicable law and regulations.

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

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

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

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

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

Statement of disclosure to auditor

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

Qualifying third- party indemnity provisions

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

On behalf of the board

M J Shapter
Director
42/44 Henry Street, Northampton, Northamptonshire, England, NN1 4BZ
1 August 2022

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF ROSS & ROBERTS LIMITED

Opinion

We have audited the financial statements of Ross & Roberts Limited ("the company") for the year ended 31 December 2021 which comprise the Income Statement, the Balance Sheet, the Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 ; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Material uncertainty related to going concern

We draw attention to note 1 to the financial statements which indicates that the Company is reliant on its ultimate parent undertaking, Capita plc, in regard to its ability to continue as a going concern. The most recent financial statements of Capita plc include material uncertainties that may cast significant doubt on its ability to continue as a going concern. The reliance of the Company on Capita plc accordingly means that these events and conditions constitute a material uncertainty that may cast significant doubt on the Group's and in turn, the Company's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

Going concern basis of preparation

The directors have prepared the financial statements on the going concern basis. As stated above, they have concluded that a material uncertainty related to going concern exists.

Based on our financial statements audit work, we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors and inspection of policy documentation as to the Company's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.
- Considering remuneration incentive schemes and performance targets for management.
- Using analytical procedures to identify any unusual or unexpected relationships.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF ROSS & ROBERTS LIMITED

Fraud and breaches of laws and regulations – ability to detect (continued)

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account possible pressures to meet profit targets and our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because there is limited judgement involved in revenue recognition and limited incentive for management to fraudulently manipulate revenue recognition, as the majority of the Company's revenue arises from a single customer contract.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted by senior finance management or individuals who do not frequently post journals, and and those posted to unusual accounts, including unexpected combination of entries related to revenue, expenses, cash and borrowings.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors and other management (as required by auditing standards), and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

As the Company is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements. This was achieved through the procedures noted above.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery, employment law, and certain aspects of company legislation recognising the financial and regulated nature of the Company's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF ROSS & ROBERTS LIMITED

Directors' report

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

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

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

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 2, the Directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

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

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF ROSS & ROBERTS LIMITED

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

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

Robert Brent (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL

1 August 2022

ROSS & ROBERTS LIMITED

INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 £	2020 £
Revenue	3	1,502,185	1,105,419
Cost of sales		(999,212)	(858,504)
Gross profit		**502,973**	**246,915**
Administrative expenses		(549,404)	(572,225)
Operating loss	4	**(46,431)**	**(325,310)**
Finance income	5	3,481	16,004
Loss before tax		**(42,950)**	**(309,306)**
Income tax credit	6	7,924	58,574
Total comprehensive expense for the year		**(35,026)**	**(250,732)**

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

The notes on pages 11 to 22 form an integral part of these financial statements.

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

ROSS & ROBERTS LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2021

	Notes	2021 £	2020 £
Non-current assets			
Property, plant and equipment	7	-	95,414
Deferred tax assets	6	-	1,530
		-	**96,944**
Current assets			
Trade and other receivables	8	6,630,393	6,483,448
Income tax receviables		67,657	-
Cash	9	32,407	-
Disposal assets held for sale	10	92,733	-
		6,823,190	**6,483,448**
Total assets		**6,823,190**	**6,580,392**
Current liabilities			
Trade and other payables	11	569,135	66,025
Financial liabilities	12	-	193,081
Income tax payable		-	32,351
		569,135	**291,457**
Non-current liabilities			
Deferred tax liabilities	6	146	-
		146	**-**
Total liabilities		**569,281**	**291,457**
Net assets		**6,253,909**	**6,288,935**

ROSS & ROBERTS LIMITED

BALANCE SHEET (CONTINUED)

AS AT 31 DECEMBER 2021

	Notes	2021 £	2020 £
Capital and reserves			
Issued share capital	**13**	1,000	1,000
Retained earnings		6,252,909	6,287,935
Total equity		**6,253,909**	**6,288,935**

The notes on pages 11 to 22 form an integral part of these financial statements.

Approved by Board and authorised for issue on 1 August 2022

M J Shapter
Director

Company Registration No. 03365520

ROSS & ROBERTS LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2021

	Share capital	Retained earnings	Total equity
	£	£	£
At 1 January 2020	1,000	6,538,667	6,539,667
Total comprehensive expense for the year	-	(250,732)	(250,732)
At 31 December 2020	**1,000**	**6,287,935**	**6,288,935**
Total comprehensive expense for the year	-	(35,026)	(35,026)
At 31 December 2021	**1,000**	**6,252,909**	**6,253,909**

The notes on pages 11 to 22 form an integral part of these financial statements.

Share capital
The balance classified as share capital is the nominal proceeds on issue of the Company's equity share capital, comprising 1,000 ordinary shares £1 each.

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

ROSS & ROBERTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

1.1 Basis of Preparation

Ross & Roberts Limited is a company incorporated, registered and domiciled in the UK.

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

In determining the appropriate basis of preparation for the annual report and financial statements for the year ended 31 December 2021, the Company's Directors ("the Directors") are required to consider whether the Company can continue in operational existence for the foreseeable future, being a period of at least 12 months following the approval of these financial statements. The Directors have concluded that it is appropriate to adopt the going concern basis, having undertaken a rigorous assessment of the financial forecasts, key uncertainties, and sensitivities, as set out below.

Board assessment

Base case scenario

The financial forecasts used for the going concern assessment are derived from the 2022-2023 business plans ('BP') for the Company which have been subject to review and challenge by management and the Directors. The Directors have approved the projections. Under the base case scenario, completion of Capita plc's group wide transformation programme has simplified and strengthened the business and facilitates further efficiency savings enabling sustainable growth in revenue, profit, and cash flow over the medium term.

Severe but plausible downside

In addition to the base case, the Directors have also considered severe but plausible downside scenarios. The Directors have taken account of trading downside risks, which assume the Company is not successful in delivering the anticipated levels of revenue, profit, and cash flow growth. The downside scenario used for the going concern assessment also includes potential adverse financial impacts due to additional inflationary pressure which cannot be passed on the customers, not achieving targeted margins on new or major contracts, unforeseen operational issues leading the contract losses and cash outflows, and unexpected potential fines and losses linked to incidents such as data breaches and/or cyber-attacks.

Offsetting these risks the Directors have considered available mitigations within the direct control of the Company, including reductions to variable pay rises, setting aside any bonus payments and limiting discretionary spend.

Reliance on Capita plc ('the Group')

The Director's assessment of going concern has considered the extent to which the Company is reliant on the Group. The Company is reliant on the Group in respect of the following:

- provision of certain services, such as administrative support services and should the Group be unable to deliver these services, the Company would have difficulty in continuing to trade;
- participation in the Group's notional cash pooling arrangements, of which £462,170 was held at 30 June 2022. In the event of a default by the Group, the Company may not be able to access its cash balance within the pooling arrangement;
- recovery of receivables of £383,024 from fellow Group undertakings as of 30 June 2022. If these receivables are not able to be recovered when forecast by the Company, then the Company may have difficulty in continuing to trade;
- additional funding that may be required if the Company suffers potential future losses ;
- revenue from other Group entities and key contracts that may be terminated in the event of a default by the Group;

Given the reliance the Company has on the Group, the Directors have considered the financial position of the ultimate parent undertaking as disclosed in its most recent consolidated financial statements, being for the year ended 31 December 2021.

ROSS & ROBERTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies **(Continued)**

1.1 Basis of Preparation (continued)

Ultimate parent undertaking – Capita plc

The Capita plc Board ('the Board') concluded that it was appropriate to adopt the going concern basis, having undertaken a rigorous assessment of the financial forecasts, key uncertainties, and sensitivities, when preparing the Group's consolidated financial statements to 31 December 2021. These financial statements were approved by the Board on 9 March 2022 and are available on the Group's website (www.capita.com/investors). Below is a summary of the position at 9 March 2022:

Accounting standards require that 'the foreseeable future' for going concern assessment covers a period of at least twelve months from the date of approval of these financial statements, although those standards do not specify how far beyond twelve months a Board should consider. In its going concern assessment, the Board has considered the period from the date of approval of these financial statements to 31 August 2023, which is just less than eighteen months from the date of approval of the Group financial statements ('the going concern period') and which aligns with the expiry of the revolving credit facility (RCF). The Board has also considered any material committed outflows beyond this period in forming their assessment, including the extension of the RCF which is a key consideration.

The base case financial forecasts demonstrate liquidity headroom and compliance with all covenant measures throughout the going concern period to 31 August 2023.

The principal mitigation to the possibility of insufficient liquidity in the severe but plausible downside scenario is the continuation of the Board approved disposal programme which covers businesses that do not align with the Group's longer-term strategy. The Group has a strong track record of executing major disposals. In 2021, the Board targeted to achieve £700m of disposal proceeds by 30 June 2022 and will exceed this target on the completion of the announced disposal of Trustmarque and Speciality Insurance businesses. The disposal programme continues, with further disposal processes launched in early 2022. The Board is confident that the disposal programme will be delivered, thereby introducing substantial net cash proceeds to the Group, albeit with a corresponding removal of consolidated profits and cash flows associated with the disposal businesses.

In addition to the ongoing disposal programme, the Group may seek to mitigate the liquidity risks which might arise in the downside scenario by seeking further sources of financing beyond its existing committed funding facilities. The Board has been successful in obtaining new and extended financing facilities in recent years and an immediate mitigating action includes the extension of the current RCF which currently expires on 31 August 2023.

Material uncertainties related to the group

The Board recognises that the disposal programme requires agreement from third parties and that major disposals may be subject to shareholder and, potentially, lender approval. Similarly, any new refinancing, including the extension of the RCF, requires agreement with lenders. Such agreements and approvals are outside the direct control of the Group. Therefore, given that some of the mitigating actions which might be taken to strengthen the Group's liquidity position in the severe but plausible downside scenario are outside the control of the Group, this gives rise to material uncertainties, as defined in accounting standards, relating to events and circumstances which may cast significant doubt about the Group's ability to continue as a going concern and to continue in operation and discharge its liabilities in the normal course of business.

Reflecting the Board's confidence in the benefits expected from the completion of the transformation programme and execution of the approved disposal programme coupled with the potential to obtain further financing beyond its existing committed funding facilities, the Group continues to adopt the going concern basis in preparing these financial statements. The Board has concluded that the Group will be able to continue in operation and meet their liabilities as they fall due over the period to 31 August 2023. Consequently, these financial statements do not include any adjustments that would be required if the going concern basis of preparation were to be inappropriate.

ROSS & ROBERTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies **(Continued)**

1.1 Basis of Preparation (continued)

Conclusion

Although the Company has a reliance on the Group as detailed above, even in a severe but plausible downside for both the Company and the Group, the Directors are confident the Company will continue to have adequate financial resources to continue in operation and discharge its liabilities as they fall due over the period to 31 August 2023 (the "going concern period"). Consequently, the annual report and financial statements have been prepared on the going concern basis.

However, as the Group's financial statements have identified material uncertainties giving rise to significant doubt over the Group's ability to continue as a going concern, given the Company's reliance on the Group as set out above, this in turn gives rise to a material uncertainty relating to events and circumstances which may cast significant doubt about the Company's ability to continue as a going concern and, therefore, that the Company may be unable to continue in operation and discharge its liabilities in the normal course of business. The financial statements do not include any adjustments which would be required if the going concern basis of preparation were to be deemed inappropriate.

1.2 Compliance with accounting standards

The Company has applied FRS101 – Reduced Disclosure Framework in the preparation of its financial statements. The Company has prepared and presented these financial statements by applying the recognition, measurement and disclosure requirements of international accounting standards in conformity with the requirements of the Companies Act 2006.

The Company's ultimate parent undertaking, Capita plc, includes the Company in its consolidated statements. The consolidated financial statements are prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and with UK-adopted International Financial Reporting Standards (IFRSs) and the Disclosure and Transparency Rules of the UK's Financial Conduct Authority. These are available to the public and may be obtained from Capita plc's website on https://www.capita.com/investors.

In these financial statements, the Company has applied the disclosure exemptions available under FRS 101 in respect of the following disclosures:
- A cash flow statement and related notes;
- Comparative period movements for share capital, tangible fixed assets and intangible assets;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- Certain disclosures as required by IFRS 15 Revenue from Contracts with Customers and
- Disclosures in respect of the compensation of key management personnel.

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

- Certain disclosures required by IAS 36 Impairments of assets in respect of the impairment of goodwill, indefinite life intangible assets and investment in subsidiaries ;
- Certain disclosures required by IFRS 3 Business Combinations in respect of business combinations undertaken by the company, in the current and prior periods including the comparative period reconciliation for goodwill;
- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

ROSS & ROBERTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies **(Continued)**

1.3 Revenue recognition

Revenue is earned within the United Kingdom and is recognised when the performance obligation in the contract has been performed, i.e. when the related debt is recovered on behalf of clients and remitted to them.

Transactional (Point in time) contracts
The Company delivers specialist debt recovery and enforcement services that are transactional services for which revenue is recognised at the point in time when either a debt is recovered and remitted to the customer or the enforcement services are delivered.

Fees on Arrangement
The Company included on its balance sheet an estimation of the recoverable value of fees earned which are subject to an agreed formal payment plan ("fees on arrangement"). Fees on arrangement are only recognised where a formal payment plan has been established and that plan is being adhered to by the respective debtor ("active payment plans"). Consequently the Company's performance obligations in terms of earning its fee revenue have been met, and all that remains is for the debtor to complete their payment plan as agreed which is considered an administrative task not to be identified as a separate distinct performance obligation.

The estimated value of fees on arrangement is calculated using the remaining outstanding balances on active payment plans, net of estimated defaults based on actual historic default rates, in accordance with IFRS 9. The Company performs a review at the end of each period and recognises the estimated fees on arrangement closing balance on the balance sheet within Trade Debtors. The period movement is then recognised in revenue. The effect on future periods will be dependent on future caseload volumes and default rates.

1.4 Property, Plant & Equipment

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

Buildings	50 years

1.5 Taxation

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

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

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

Deferred tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax assets and unused tax losses can be utilised, except where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

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

ROSS & ROBERTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies **(Continued)**

1.5 Taxation (continued)

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

1.6 Leasing

The Company has elected not to recognise right of use assets and lease liabilities for leases of low-value assets and short-term leases. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

1.7 Financial instruments

Other financial assets

(i) Classification
The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss); and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

(ii) Recognition and derecognition
Regular way purchases and sales of financial assets are recognised on trade date (that is, the date on which the Company commits to purchase or sell the asset). Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

(iii) Measurement
At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

(iv) Impairment
The Company assesses, on a forward-looking basis, the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Company applies the simplified approach permitted by IFRS 9, resulting in trade receivables recognised and carried at original invoice amount less an allowance for any uncollectible amounts based on expected credit losses.

Trade and other receivables
The Company assesses on a forward-looking basis the expected credit losses associated with its receivables carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Company applies the simplified approach permitted by IFRS 9, resulting in trade receivables recognised and carried at original invoice amount less an allowance for any uncollectible amounts based on expected credit losses.

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

Cash and cash equivalents
Cash and short-term deposits in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of 3 months or less. Bank overdrafts are shown within current financial liabilities.

1 Accounting policies **(Continued)**

1.8 Impairment of non-financial assets

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

1.9 Available for sale financial assets

The Company classifies a non-current asset (or disposal group) as held-for-sale if its carrying amount will be recovered principally through a sale transaction rather than continued use. For this to be the case, the asset (or disposal group) must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets (or disposal groups) and its sale must be highly probable. For the sale to be highly probable, the appropriate level of management must be committed to a plan to sell the asset (or disposal group), and an active programme to locate a buyer and complete the plan must have been initiated. Further, the asset (or disposal group) must be actively marketed for sale at a price that is reasonable in relation to its current fair value. In addition, the sale should be expected to qualify for recognition as a completed sale within one year from the date of classification.

1.10 Pensions

The Company participates in a number of defined contribution schemes and contributions are charged to the income statement account in the year in which they are due. These schemes are funded and the payment of contributions is made to separately administered trust funds. The assets of these schemes are held separately from the Company. The Company remits monthly pension contributions to Capita Business Services Limited, a fellow subsidiary undertaking, which pays the Group liability centrally. Any unpaid contributions at the year-end have been accrued in the accounts of that company.

1.11 Government grants

Government grants are not recognised until there is a reasonable assurance that the Company will comply with the conditions attaching to them and that the grants will be received. Government grants are recognised in the income statement on a systematic basis over the periods in which the Company recognises as expenses the related costs for which the grants are intended to compensate. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognised in the income statement in the period in which they become receivable.

ROSS & ROBERTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

2 Significant accounting judgements, estimates and assumptions

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

In order to recognise fees on arrangement, it is adjudged that at the time of establishing fomal payment plans, the performance obligation has been performed. At the balance sheet date, it is assumed those payments plans that are actively making payments are recoverable. No provision for fees on arrangement has been recognised during the current year as the Company do not meet the minimum materiality threshold of being able to recover 85% of the outstanding balance within twelve months.

The measurement of fees on arrangement revenue and resulting profit recognition requires judgements to be applied. including the measurement and timing of revenue recognition, estimation of the recoverable value of fees on arrangement and the recognition of assets and liabilities, that result from the performance of the contract.

3 Revenue

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

4 Operating loss

	2021	2020
	£	£
Operating loss for the year is stated after charging:		
Depreciation of property, plant and equipment	2,681	3,130
Expenses relating to short-term leases	74,670	119,268

Audit fees are borne by the ultimate parent undertaking, Capita plc. The audit fee for the current period was £12,600 (2020:£10,500). The Company has taken advantage of the exemption provided by regulations 6(2)(b) of The Companies (Disclosure of Auditor Remuneration and Liability Limitation Agreements) Regulations 2008 not to provide information in respect of fees for other (non-audit) services as this information is required to be given in the group accounts of the ultimate parent undertaking, which it is required to prepare in accordance with the Companies Act 2006.

5 Finance income

	2021	2020
	£	£
Interest on bank deposits	41	-
Interest income from Group undertakings	3,440	16,004
	3,481	**16,004**

ROSS & ROBERTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

6 Income tax

The major components of income tax credit for the year ended 31 December 2021 and 2020 are:

	2021	2020
	£	£
Current tax		
UK corporation tax	(9,613)	(58,058)
Adjustments in respect of prior periods	13	-
	(9,600)	**(58,058)**
Deferred tax		
Origination and reversal of temporary differences	1,809	(516)
Adjustments in respect of prior periods	(133)	-
	1,676	**(516)**
Total tax credit reported in the income statement	**(7,924)**	**(58,574)**

The reconciliation between tax credit and the accounting loss multiplied by the UK corporation tax rate for the years ended 31 December 2021 and 31 December 2020 are follows:

	2021	2020
	£	£
Loss before taxation	**(42,950)**	**(309,306)**
Loss before taxation multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	(8,160)	(58,768)
Effects of:		
Expenses not deductible for tax purposes	321	314
Adjustments in respect of current income tax of prior periods	13	-
Adjustments in respect of deferred income tax of prior periods	(133)	-
Impact of changes in statutory tax rates	35	(120)
Total adjustments	**236**	**194**
Total tax credit reported in the income statement	**(7,924)**	**(58,574)**

A change to the main UK corporation tax rate was substantively enacted on 24 May 2021. The rate applicable from 1 April 2023 increases from 19% to 25%. The deferred tax asset at 31 December 2021 has been calculated based on this rate, resulting in a £35 tax charge to the income statement in 2021.

ROSS & ROBERTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

(Continued)

6 Income tax

	Balance sheet		Income statement	
	2021	2020	2021	2020
	£	£	£	£
Accelerated/(decelerated) capital allowances	146	(1,530)	1,676	(516)
Net deferred tax liability/(asset)	**146**	**(1,530)**		
Deferred tax charge/(credit)			**1,676**	**(516)**

7 Property, plant and equipment

	Buildings	Freehold land	Total
	£	£	£
Cost			
At 1 January 2021	110,269	25,000	135,269
Transfer to asset held for sale	(110,269)	(25,000)	(135,269)
At 31 December 2021	**-**	**-**	**-**
Depreciation			
At 1 January 2021	39,855	-	39,855
Charge for the year	2,681	-	2,681
Transfer to asset held for sale	(42,536)	-	(42,536)
At 31 December 2021	**-**	**-**	**-**
Net book value			
At 31 December 2020	**70,414**	**25,000**	**95,414**
At 31 December 2021	**-**	**-**	**-**

On 4th March 2022, the Company sold its property at Somerton Business Park to Centurion Rental for a consideration of £193,000, hence it has been classified as held for sale. Refer note 10.

8 Trade and other receivables

	2021	2020
	£	£
Trade receivables	42,135	40,621
Other receivables	12,882	45,012
Amounts due from parent and fellow subsidiary undertaking	6,575,376	6,397,815
	6,630,393	**6,483,448**

ROSS & ROBERTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

9 Cash

	2021	2020
	£	£
Cash at bank and in hand	32,407	-
	32,407	**-**

10 Disposal assets held for sale

	2021	2020
	£	£
Available for sale assets	92,733	-
	92,733	-

11 Trade and other payables

Current	2021	2020
	£	£
Trade payables	6,590	3,301
Other payables	-	25
Other taxes and social security	62,887	52,966
Amounts due to parent and fellow subsidiary undertaking	499,658	9,733
	569,135	**66,025**

12 Financial liabilities

Current	2021	2020
	£	£
Overdrafts	-	193,081
	-	**193,081**

ROSS & ROBERTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

13 Issued share capital

	2021 Number	2020 Number	2021 £	2020 £
Allotted, called up and fully paid				
At 1 January	1,000	1,000	1,000	1,000
At 31 December	**1,000**	**1,000**	**1,000**	**1,000**

Share capital

The nominal proceeds on issue of the Company's equity share capital 1,000 ordinary shares of £1 each.

14 Employee benefits

The pension charge for the defined contribution pension schemes for the year is £18,249 (2020: £23,099).

15 Employees

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

	2021 Number	2020 Number
Operations	18	28
Administration	-	1
	18	**29**

Their aggregate remuneration comprised:

	2021	2020
Employee costs	£	£
Wages and salaries	865,111	741,783
Social security costs	62,645	88,793
Pension costs	18,249	23,099
	946,005	**853,675**

During the year, the Company furloughed employees unable to work as a result of the Covid-19 pandemic and applied to the Coronavirus Job Retention Scheme (CJRS) operated by the UK Government. Amounts received under CJRS are treated as a government grant and deducted from the relevant cost in the Company's income statement. During the year, the Company received £93,951 (2020: £401,836) under CJRS. These amounts are included within the relevant cost headings in the table above.

ROSS & ROBERTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

16 Directors' remuneration

	2021	2020
	£	£
Remuneration for qualifying services	75,053	49,503
Pension contributions to defined contribution schemes	5,046	7,515
Compensation for loss of office	8,808	-
	88,907	**57,018**

The number of Directors for whom retirement benefits are accruing under defined contribution schemes were 4 (2020: 4).

The number of Directors for whom retirement benefits are accruing under defined benefit schemes were none (2020: none).

The number of Directors who exercised share options during the year was none (2020: none).

The compensation for loss of office includes payment in lieu of notice, settlement pay and holiday pay.

Remuneration disclosed above include the following amounts paid to the highest paid Director:

	2021	2020
	£	£
Remuneration for qualifying services	28,139	15,982
Pension contributions to defined contribution schemes	1,595	1,523
Compensation for loss of office	8,808	
	38,542	**17,505**

The above emoluments were in respect of four Directors (L Fowler, M Shapter, A MacTaggart and P Snelling) of the Company (2020:4), allocated from Equita Limited and Capita Business Services Limited, which are Capita Group entities. All the Directors have provided qualifying services to the Company in 2021 and 2020, however they are employed and paid by Equita Limited and Capita Business Services Limited. In addition to the above, Directors of the Company were reimbursed for the expenses incurred by them whilst performing business responsibilities.

17 Controlling party

The Company's immediate parent undertaking is Capita Holdings Limited, a company incorporated in England and Wales. The Company's ultimate parent undertaking is Capita plc, a company incorporated in England and Wales. The accounts of Capita plc are available from the registered office at 65 Gresham Street, London, England, EC2V 7NQ.

18 Post balance sheet event

On 4th March 2022, the Company sold its property at Somerton Business Park to Centurion Rental for a consideration of £193,000. Consequently, the Company has recorded a gain on sale of asset of £98,466.

On 26th April 2022, the Company declared an interim dividend of £6,200,000 which was settled by way of amounts receivable from Capita plc.

There are no other significant events which have occurred after the reporting period.