Company Registration No. SC021024 (Scotland)

CAPITA MCLARENS LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2011

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CAPITA MCLARENS LIMITED

COMPANY INFORMATION

Directors	R J Shearer C Waters on behalf of Capita Corporate Director Limited
Secretary	Capita Group Secretary Limited
Company number	SC021024
Registered office	The Beacon, 176 St Vincent Street Glasgow G2 5SG
Auditor	KPMG Audit Plc 15 Canada Square London E14 5GL
Bankers	Barclays Bank PLC 1 Churchill Place London E14 5HP
Solicitors	Herbert Smith Exchange House Primrose Street London EC2A 2HS

CAPITA MCLARENS LIMITED

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CAPITA MCLARENS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2011

The directors present their report and financial statements for the year ended 31 December 2011.

Principal activities and review of the business

The company is a wholly owned subsidiary (indirectly held) of Capita plc and operates within the group's General Insurance, Insurance & Investor Services and Intergrated Services divisions.

The principal activity of the company continued to be that of property investment management. 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 profit and loss account on page 4, the company's turnover has increased from £883,301 to £958,475 over the prior year and operating loss has decreased from £425,441 to £291,717 over the same period.

The balance sheet on page 5 of the financial statements shows the company's financial position at the year end. Net liabilities have increased by 2% to £11,734,090. Details of amounts owed by/to its parent company and fellow subsidiary undertakings are shown in notes 7 and 8 to the financial statements.

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

Systems and procedures are in place to identify, assess and mitigate major business risks that could impact the company. Monitoring exposure to risk and uncertainty is an integral part of the company's structured management processes. The principal risks that the company faces are operational risk, legislative impacts and maintenance of reputation and strong supplier and customer relationships.

Group risks are discussed in the group's annual report which does not form part of this report.

Results and dividends

The results for the year are set out on page 4.

The directors do not recommend the payment of any dividends during the current year (2010: £nil).

Directors

The following directors have held office since 1 January 2011:

R J Shearer
C Waters on behalf of Capita Corporate Director Limited

Environment

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

Directors' responsibilities

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).

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; and
- 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 proper 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 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.

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 might reasonably be expected to take as a Director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Qualifying 3rd party indemnity provisions

Capita plc 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



C Waters on behalf of Capita Corporate Director Limited
Director
25 September 2012

CAPITA MCLARENS LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF CAPITA MCLARENS LIMITED

We have audited the financial statements of Capita McLarens Limited for the year ended 31 December 2011 set out on pages 4 to 14. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2011 and of its loss for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where 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 specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Peter Lomax Senior Statutory Auditor
for and on behalf of KPMG Audit Plc, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL

26/9/12

CAPITA MCLARENS LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2011

	Notes	2011 £	2010 £
Turnover	2	958,475	883,301
Cost of sales		(1,139,674)	(986,506)
Gross loss		(181,199)	(103,205)
Administrative expenses		(110,518)	(322,236)
Operating loss	3	(291,717)	(425,441)
Interest payable and similar charges	4	-	(27)
Loss on ordinary activities before taxation		(291,717)	(425,468)
Tax on loss on ordinary activities	5	75,214	118,175
Loss for the year	11	(216,503)	(307,293)

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

CAPITA MCLARENS LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2011

	Notes	2011 £	2010 £
Fixed assets			
Tangible assets	6	3,229	10,825
Current assets			
Debtors	7	379,325	308,771
Creditors: amounts falling due within one year	8	(11,926,914)	(11,557,755)
Net current liabilities		(11,547,589)	(11,248,984)
Total assets less current liabilities		(11,544,360)	(11,238,159)
Provisions for liabilities	9	(189,730)	(279,428)
		(11,734,090)	(11,517,587)
Capital and reserves			
Called up share capital	10	5,497,235	5,497,235
Profit and loss account	11	(17,231,325)	(17,014,822)
Shareholders' funds	12	(11,734,090)	(11,517,587)

Approved by the Board and authorised for issue on 25 September 2012

C Waters on behalf of Capita Corporate Director Limited
Director

Company Registration No. SC021024

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

Despite the company being in a net liability position the ultimate parent undertaking has stated that it will provide continuing financial assistance to the company for the foreseeable future.

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

The company has not produced a cashflow statement on the basis that the ultimate parent undertaking, Capita plc, has prepared a group cashflow statement in accordance with FRS1 (revised).

1.2 Changes in accounting policies

The company has adopted the following new Financial Reporting Standards issued by the UK Accounting Standards Board (ASB).

Amendment to FRS 25 (IAS 32): Financial Instruments: Presentation - classification of rights issues - The amendment alters the definition of a financial liability to enable parties to classify rights issues (and certain options or warrants) as equity instruments. The amendment is applicable if the rights are given pro rata to all of the existing owners of the same class of an entity's non-derivative equity instruments, to acquire a fixed number of the entity's own equity instruments for a fixed amount in any currency. The adoption of this amendment has had no impact on the financial statements of the company.

Improvements to Financial Reporting Standards (2010) - In May 2010 the International Accounting Standards Board issued its third omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. These amendments were adopted by the ASB and issued in June 2010. The adoption of these amendments, which are effective from 1 January 2011, did not have any impact on the financial position or performance of the company.

FRS 30 Heritage Assets - In June 2010 the ASB issued this standard on the accounting treatment of heritage assets which is effective for annual periods beginning on or after 1 April 2010. This standard did not have any impact on the financial position or performance of the company.

UITF 47 (IFRIC 19) Extinguishing Financial Liabilities with Equity Instruments - This interpretation clarifies that equity instruments issued to a creditor to extinguish a financial liability are consideration in accordance with paragraph 41 of FRS26 (IAS 39). The equity instruments issued are measured at fair value (unless this cannot be reliably measured, in which case they are measured at the fair value of the liability extinguished) with gain or loss being immediately recognised in profit or loss. The adoption of this interpretation had no effect on the financial position or performance of the company.

UITF 48 Accounting implications of the replacement of the Retail Prices Index with the Consumer Prices Index for Retirement Benefits - In December 2010 the UITF issued guidance on the accounting treatment consequent to the UK Government's announcement to replace RPI with CPI for the statutory minimum increase in pensions in defined benefit schemes. This UITF abstract did not have any impact on the financial position or performance of the company.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2011

1 Accounting policies **(continued)**

1.3 Compliance with accounting standards

The financial statements are prepared in accordance with the applicable accounting standards, which have been applied consistently.

1.4 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

1.5 Tangible fixed assets and depreciation

Tangible fixed assets 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:

Land and buildings Leasehold	Period of the lease

1.6 Leasing

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

1.7 Deferred taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, taxation, with the following exceptions:

- Provision is made for taxation on gains arising from the revaluation (and similar fair value adjustments) of fixed assets and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more or less likely than not that the taxable gain will be rolled over into replacement assets and charged to taxation only where the replacement assets are sold;

- Deferred taxation assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred taxation is measured on an undiscounted basis at the taxation rates that are expected to apply in the periods in which timing differences reverse, based on taxation rates and laws enacted or substantively enacted at the balance sheet date.

1.8 Related party transactions

The company has taken advantage of the exemption under FRS 8: Related Party Disclosures not to disclose transactions entered into between two or more members of Capita plc, provided that any subsidiary undertaking which is a party to the transaction is wholly owned by a member of that group.

2 Turnover

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

3	**Operating loss**	**2011**	**2010**
		£	**£**
	Operating loss is stated after charging:		
	Depreciation of tangible assets	7,596	21,243
	Operating lease rentals	1,140,266	986,506

Audit fees are borne by the ultimate parent undertaking, Capita plc. The audit fee for the current period was £1,000 (2010: £1,000). The company has taken advantage of the exemption provided by regulation 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.

4	**Interest payable**	**2011**	**2010**
		£	**£**
	Other interest	-	27

5 Taxation	2011	2010
	£	£
Domestic current year tax		
U.K. corporation tax	(80,055)	(120,338)
Adjustment for prior years	(92)	(1,163)
Total current tax	(80,147)	(121,501)
Deferred tax		
Deferred tax charge/credit current year	4,933	3,326
	(75,214)	(118,175)
Factors affecting the tax charge for the year		
Loss on ordinary activities before taxation	(291,717)	(425,468)
Loss on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 26.50% (2010 - 28.00%)	(77,305)	(119,131)
Effects of:		
Non deductible expenses	990	1,292
Capital allowances in excess of depreciation	(3,474)	(2,499)
Adjustments to previous periods	(92)	(1,163)
Non-taxable income	(266)	-
	(2,842)	(2,370)
Current tax charge for the year	(80,147)	(121,501)

The UK corporation tax rate decreased from 26% to 24% from 1 April 2012 and changes to writing down allowances also took effect from this date. The deferred tax balance has been adjusted in the current year to reflect the reduction to 25% (as this change was enacted at the balance sheet date) resulting in a charge to the profit and loss account of £1,393 included in the current year deferred tax charge. Proposed changes to tax laws and rates that will have an effect on the deferred tax assets and liabilities of the Company have also been announced but not substantively enacted at the balance sheet date. The impact of these changes on the Company is not considered to be material.

6 Tangible fixed assets

	Land and buildings Leasehold £
Cost	
At 1 January 2011	55,706
Disposals	(23,417)
At 31 December 2011	32,289
Depreciation	
At 1 January 2011	44,881
On disposals	(23,417)
Charge for the year	7,596
At 31 December 2011	29,060
Net book value	
At 31 December 2011	3,229
At 31 December 2010	10,825

7 Debtors

	2011 £	2010 £
Trade debtors	57	20,706
Amounts owed by parent and fellow subsidiary undertakings	19,506	32,363
Corporation tax	80,054	120,337
Other debtors	105,834	64,423
Prepayments and accrued income	156,462	48,597
Deferred tax asset (see note 9)	17,412	22,345
	379,325	308,771

8 Creditors: amounts falling due within one year	2011 £	2010 £
Bank loans and overdrafts	545,588	11,047,089
Trade creditors	181,319	4,545
Amounts owed to parent and fellow subsidiary undertakings	11,006,663	258,055
Accruals and deferred income	193,344	248,066
	11,926,914	11,557,755

9 Provisions for liabilities

	Onerous lease provision	Dilapidations provision	Total provision
			£
Balance at 1 January 2011	175,949	103,479	279,428
Additions	-	15,000	15,000
Utilised	-	(104,698)	(104,698)
Balance at 31 December 2011	175,949	13,781	189,730

The onerous lease provision relates to empty property and is made for the future rent expense and related cost of leasehold property where the space is vacant or currently not being used for ongoing operations. The expenditure is expected to be incurred over the remaining periods of the leases, which range from one to six years.

The company is required to perform repairs on leased properties prior to the properties being vacated at the end of the lease term. Dilapidations provisons for such costs are made where a legal obligation is identified and the liability can be reasonably quantified. The provision is expected to be utilised in the next two to three years.

The deferred tax asset (included in debtors, note 7) is made up as follows:

	2011
	£
Balance at 1 January 2011	(22,345)
Profit and loss account	4,933
Balance at 31 December 2011	(17,412)

	2011	2010
	£	£
Decelerated capital allowances	(17,412)	(22,345)

10 Share capital

	2011	2010
	£	£
Allotted, called up and fully paid		
5,497,235 Ordinary shares of £1 each	5,497,235	5,497,235

11 Statement of movements on profit and loss account

	Profit and loss account
	£
Balance at 1 January 2011	(17,014,822)
Loss for the year	(216,503)
Balance at 31 December 2011	(17,231,325)

12 Reconciliation of movements in shareholders' funds

	2011	2010
	£	£
Loss for the financial year	(216,503)	(307,293)
Opening shareholders' funds	(11,517,587)	(11,210,294)
Closing shareholders' funds	(11,734,090)	(11,517,587)

13 Financial commitments

At 31 December 2011 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 December 2012:

	Land and buildings	
	2011	2010
	£	£
Operating leases which expire:		
Within one year	10,733	-
Between two and five years	726,503	-
In over five years	-	861,778
	737,236	861,778

14 Directors' remuneration

None of the directors received any remuneration from the company for their services during the year (2010: £nil).

15 Employees

Number of employees

There were no employees during the year apart from the directors.

16 Control

The immediate parent company is Capita Insurance Services Group Limited, a company registered in England and Wales, and the ultimate parent company is Capita plc, a company registered in England and Wales.

Capita plc prepares group financial statements and copies can be obtained from 71 Victoria Street, Westminster, London SW1H 0XA.