Company Registration No. SC021024 (Scotland)

CAPITA MCLARENS LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012

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CAPITA MCLARENS LIMITED

COMPANY INFORMATION

Directors	R J Shearer S J S Mayall 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
Auditors	KPMG Audit Plc 15 Canada Square London E14 5GL
Bankers	Barclays Bank PLC 1 Churchill Place London E14 5HP
Solicitors	Herbert Smith Freehills 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 2012

The directors present their report and financial statements for the year ended 31 December 2012.

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 Insurance & Benefit Services (formerly General Insurance), Insurance & Investor Services and Integrated 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 decreased from £958,475 to £387,750 over the prior year and operating loss has increased from £291,717 to £691,605 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 5% to £12,258,217. Details of amounts owed by/to its parent company and fellow subsidiary undertakings are shown in notes 6 and 7 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 (2011: £nil).

Directors

The following directors have held office since 1 January 2012:

R J Shearer
S J S Mayall 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.

Auditors

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

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 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 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/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 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



S J S Mayall on behalf of Capita Corporate Director Limited
Director
12 September 2013

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 2012 set out on pages 4 to 13.

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 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 Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

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 2012 and of its loss 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.

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

18/9/13.

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CAPITA MCLARENS LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2012

	Notes	2012 £	2011 £
Turnover	2	387,750	958,475
Cost of sales		(696,965)	(1,139,674)
Gross loss		(309,215)	(181,199)
Administrative expenses		(382,390)	(110,518)
Loss on ordinary activities before taxation	3	(691,605)	(291,717)
Tax on loss on ordinary activities	4	167,478	75,214
Loss for the year	10	(524,127)	(216,503)

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 2012

	Notes	2012 £	2011 £
Fixed assets			
Tangible assets	5	-	3,229
Current assets			
Debtors	6	435,088	379,325
Creditors: amounts falling due within one year	7	(12,513,413)	(11,926,914)
Net current liabilities		(12,078,325)	(11,547,589)
Total assets less current liabilities		(12,078,325)	(11,544,360)
Provisions for liabilities	8	(179,892)	(189,730)
		(12,258,217)	(11,734,090)
Capital and reserves			
Called up share capital	9	5,497,235	5,497,235
Profit and loss account	10	(17,755,452)	(17,231,325)
Shareholders' funds	11	(12,258,217)	(11,734,090)

Approved by the Board and authorised for issue on 12 September 2013

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

Company Registration No. SC021024

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

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 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated).

1.3 Turnover

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

1.4 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

1.5 Leasing

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2012

1 Accounting policies **(continued)**

1.6 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.

1.7 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

	2012	2011
	£	£
Operating loss is stated after charging:		
Depreciation of tangible assets	3,229	7,596
Operating lease rentals	698,282	1,140,266

Audit fees are borne by the ultimate parent undertaking, Capita plc. The audit fee for the current period was £1,000 (2011: £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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2012

4 Taxation	2012 £	2011 £
Domestic current year tax		
U.K. corporation tax	(171,265)	(80,055)
Adjustment for prior years	(184)	(92)
Total current tax	(171,449)	(80,147)
Deferred tax		
Deferred tax charge/credit current year	3,973	4,933
Adjustment to deferred tax in respect of the previous period	(2)	-
	3,971	4,933
	(167,478)	(75,214)
Factors affecting the tax charge for the year		
Loss on ordinary activities before taxation	(691,605)	(291,717)
Loss on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 24.50% (2011 - 26.50%)	(169,443)	(77,305)
Effects of:		
Non deductible expenses	926	990
Capital allowances in excess of depreciation	(2,748)	(3,474)
Adjustments to previous periods	(184)	(92)
Non-taxable income	-	(266)
	(2,006)	(2,842)
Current tax charge for the year	(171,449)	(80,147)

The UK corporation tax rate decreased from 24% to 23% from 1 April 2013. The deferred tax balance has been adjusted in the current year to reflect the reduction to 23% (as this change was enacted at the balance sheet date) resulting in a charge to the profit and loss account of £1,168 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2012

5 Tangible fixed assets

	Land and buildings Leasehold £
Cost	
At 1 January 2012	32,289
Disposals	(32,289)
At 31 December 2012	-
Depreciation	
At 1 January 2012	29,060
On disposals	(32,289)
Charge for the year	3,229
At 31 December 2012	-
Net book value	
At 31 December 2012	-
At 31 December 2011	3,229

6 Debtors

	2012 £	2011 £
Trade debtors	10,584	57
Amounts owed by parent and fellow subsidiary undertakings	19,372	19,506
Corporation tax	171,264	80,054
Other debtors	70,324	105,834
Prepayments and accrued income	150,103	156,462
Deferred tax asset (see note 8)	13,441	17,412
	435,088	379,325

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2012

7 Creditors: amounts falling due within one year	2012 £	2011 £
Bank loans and overdrafts	12,138,883	545,588
Trade creditors	173,425	181,319
Amounts owed to parent and fellow subsidiary undertakings	14,456	11,006,663
Other creditors	2	-
Accruals and deferred income	186,647	193,344
	12,513,413	11,926,914

8 Provisions for liabilities

	Onerous lease provision £	Dilapidations provision £	Total provision £
Balance at 1 January 2012	175,949	13,781	189,730
Profit and loss account	-	(9,838)	(9,838)
Balance at 31 December 2012	175,949	3,943	179,892

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 6) is made up as follows:

	2012 £
Balance at 1 January 2012	(17,412)
Profit and loss account	3,971
Balance at 31 December 2012	(13,441)

	2012 £	2011 £
Decelerated capital allowances	(13,441)	(17,412)

9 Share capital

	2012 £	2011 £
Allotted, called up and fully paid		
5,497,235 Ordinary shares of £1 each	5,497,235	5,497,235

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2012

10 Statement of movements on profit and loss account

	Profit and loss account
	£
Balance at 1 January 2012	(17,231,325)
Loss for the year	(524,127)
Balance at 31 December 2012	(17,755,452)

11 Reconciliation of movements in shareholders' funds

	2012	2011
	£	£
Loss for the financial year	(524,127)	(216,503)
Opening shareholders' funds	(11,734,090)	(11,517,587)
Closing shareholders' funds	(12,258,217)	(11,734,090)

12 Financial commitments

At 31 December 2012 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 December 2013:

	Land and buildings	
	2012	2011
	£	£
Operating leases which expire:		
Within one year	3,417	10,733
Between two and five years	706,003	726,503
	709,420	737,236

13 Directors' remuneration

The Directors' remunerations were borne by another subsidiary of Capita plc without recharge.

14 Employees

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

15 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.