Company Registration No. SC021024 (Scotland)

CAPITA MCLARENS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

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CAPITA MCLARENS LIMITED

COMPANY INFORMATION

Directors	S J S Mayall on behalf of Capita Corporate Director Limited	
	F A Todd	(Appointed 29 December 2016)
Secretary	Capita Group Secretary Limited	
Company number	SC021024	
Registered office	The Beacon 176 St Vincent Street Glasgow G2 5SG	
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

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2016

The directors present the strategic report and financial statements for the year ended 31 December 2016.

Review of the business

The company is a wholly owned subsidiary (indirectly held) of Capita plc and operates within the group's Private Sector Partnerships division (formerly Insurance & Benefit Services division).

The principal activity of the company continued to be that of property investment management. The directors intend for this company to become dormant and have prepared the financial statements on the basis that the company is no longer a going concern.

As shown in the company's profit and loss account on page 4, the company's turnover has decreased from £261,124 to £20,877 over the prior year and operating loss has decreased from £357,457 to £25,747 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 0.2% to £13,529,956. 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 & Benefit 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.

On behalf of the board

S J S Mayall on behalf of Capita Corporate Director Limited
Director
26 September 2017

CAPITA MCLARENS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2016

The directors present their annual report and financial statements for the year ended 31 December 2016.

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 (2015: £Nil).

Enviroment
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
The following directors, have held office since 1 January 2016:

R J Shearer	(Resigned 31 December 2016)
S J S Mayall on behalf of Capita Corporate Director Limited	
F A Todd	(Appointed 29 December 2016)

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with 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; and
- as explained in note 1.1 to the financial statements, the directors do not believe the going concern basis to be appropriate and these financial statements have not been prepared on that basis.

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 also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Qualifying 3rd 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 the date of approving the directors' report.

On behalf of the board

S J S Mayall on behalf of Capita Corporate Director Limited
Director
26 September 2017

CAPITA MCLARENS LIMITED

STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	Unaudited 2016 £	2015 £
Turnover		20,877	261,124
Cost of sales		(91,120)	(374,077)
Gross loss		(70,243)	(112,953)
Administrative income/(expenses)		44,496	(244,504)
Operating loss	3	(25,747)	(357,457)
Tax on loss	4	3,489	71,754
Loss for the financial year		(22,258)	(285,703)

The statement of profit and loss has been prepared on the basis that all operations have been discontinued.

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 2016

	Notes	Unaudited 2016 £	2015 £
Fixed assets			
Tangible assets	5	517	904
Current assets			
Debtors	6	23,163	169,345
Cash at bank and in hand		-	27,030
		23,163	196,375
Creditors: amounts falling due within one year	7	(13,553,636)	(13,485,977)
Net current liabilities		(13,530,473)	(13,289,602)
Total assets less current liabilities		(13,529,956)	(13,288,698)
Provisions for liabilities	8	-	(219,000)
		(13,529,956)	(13,507,698)
Capital and reserves			
Called up share capital	9	5,497,235	5,497,235
Profit and loss account	9	(19,027,191)	(19,004,933)
Shareholders' funds		(13,529,956)	(13,507,698)

Audit exemption statement

For the year ended 31 December 2016 the company was entitled to exemption under section 479A of the Companies Act 2006 relating to subsidiary companies.

No members have required the company to obtain an audit of its accounts for the year in question in accordance with section 476 of the Companies Act 2006.

The directors acknowledge their responsibility for complying with the requirements of the Act with respect to accounting records and for the preparation of accounts.

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

Approved by the Board and authorised for issue on 26 September 2017

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

Company Registration No. SC021024

CAPITA MCLARENS LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2016

	Called up share capital £	Profit and loss account £	Total equity £
At 1 January 2015	5,497,235	(18,719,230)	(13,221,995)
Loss for the year	-	(285,703)	(285,703)
Total comprehensive income for the period	-	(285,703)	(285,703)
At 31 December 2015	5,497,235	(19,004,933)	(13,507,698)
Loss for the year - Unaudited	-	(22,258)	(22,258)
Total comprehensive income for the period - Unaudited	-	(22,258)	(22,258)
At 31 December 2016 - Unaudited	5,497,235	(19,027,191)	(13,529,956)

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost basis except where stated otherwise.

Capita McLarens Limited is a company incorporated and domiciled in the UK.

The company did not enter into any new contracts in 2016 so it continues to trade in order to fulfil obligations under existing contracts. It is anticipated that these obligations will come to a close within 12 months of the signing of these accounts, at which point the company will cease trading. For this reason the directors have prepared the financial statements on the basis that the company is no longer a going concern.

1.2 Compliance with accounting standards

These financial statements were prepared in accordance with Financial Reporting Standard 101 - Reduced Disclosure Framework (FRS 101).

In preparing these financial statements, the company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with the Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The company's ultimate parent undertaking, Capita plc, includes the company in its consolidated statements. The consolidated financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU (EU-IFRS) and are available to the public and may be obtained from 71 Victoria Street, London SW1H 0XA. In these financial statements, the company has applied the disclosure exemptions available under FRS 101 in respect of the following disclosures:

- A cash flow statement and related notes;
- Comparative period reconciliations for share capital, 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;
- An additional balance sheet for the beginning of the earliest comparative period following the retrospective change in accounting policy;
- Disclosures in respect of the compensation of key management personnel.

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

- Certain disclosures required by IFRS 2 Share Based Payments in respect of group settled share based payments;
- Certain disclosures required by IAS 36 Impairments of assets in respect of the impairment of goodwill and indefinite life intangible assets;
- Certain disclosures required by IFRS 3 Business Combinations in respect of business combinations undertaken by the company, in the current and prior periods including the comparative period reconciliation for goodwill; and
- Disclosures required by IFRS 7 Financial Instrument Disclosures.

1.3 Revenue

Turnover is stated net of VAT and trade discounts. Subscription income is recognised over the life of the contract period. Where fees are contingent upon success, these are included only to the extent that the likelihood of success can be judged with reasonable certainty.

1 **Accounting policies** **(Continued)**

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.

1.6 Cash and cash equivalents

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

1.7 Taxation

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

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

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

Deferred income tax liabilities are recognised for all taxable temporary differences:

- except where the deferred tax liability arises from the initial recognition of goodwill

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

- in respect of taxable temporary differences associated with investments in subsidiaries, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

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

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

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

1 Accounting policies **(Continued)**

1.8 Provisions

A provision is recognised in the balance sheet when the company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

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 Loss for the year

	Unaudited 2016 £	2015 £
Operating loss for the year is stated after charging:		
Depreciation of property, plant and equipment	387	387
Operating lease rentals - other assets	101,864	349,809

Audit fees are borne by the ultimate parent undertaking, Capita plc. The audit fee for the current period was £nil (2015: £3,000). The company has taken advantage of the exemption provided by regulations 6(2)(b) of The Companies (Disclosure of Auditor Remuneration and Liability Limitation Agreements) Regulations 2008 not to provide information in respect of fees for other (non-audit) services as this information is required to be given in the group accounts of the ultimate parent undertaking, which it is required to prepare in accordance with the Companies Act 2006.

4 Income tax expense

	Unaudited 2016 £	2015 £
Corporation tax		
Current year	(4,765)	(73,786)
	(4,765)	(73,786)
Deferred tax		
Origination and reversal of temporary differences	1,277	2,032
Adjustment in respect of prior periods	(1)	-
	1,276	2,032
Total tax expense	(3,489)	(71,754)

(Continued)

4 Income tax expense

The expense for the year can be reconciled to the loss per the income statement as follows:

	Unaudited 2016 £	2015 £
Loss before taxation	(25,747)	(357,457)
Loss before taxation multiplied by standard rate of UK corporation tax of 20.00% (2015 - 20.25%)	(5,149)	(72,385)
Taxation impact of factors affecting tax charge:		
Expenses not deductible in determining taxable profit	1,505	-
Deferred tax adjustments in respect of prior years	(1)	-
Impact of changes in statutory tax rates	156	631
Total adjustments	1,660	631
Total tax expense for the year	(3,489)	(71,754)

The UK corporation tax rate decreased from 20% to 19% from 1 April 2017 with a further reduction to 17% from 1 April 2020. The previously enacted reduction to 18% from 1 April 2020 was amended to 17% by the 2016 Finance Act. The deferred tax balance has been adjusted to reflect this change.

5 Property, plant and equipment

	Land and buildings leasehold
	2016 £
Cost	
At 1 January 2016 & 31 December 2016 - Unaudited	1,936
Depreciation	
At 1 January 2016	1,032
Charge for the year	387
31 December 2016- Unaudited	1,419
Net book value	
At 31 December 2016 - Unaudited	517
At 31 December 2015	904

6 Debtors

	Unaudited 2016 £	2015 £
Trade receivables	278	12,613
Other debtors	-	9,429
Corporation tax recoverable	4,765	73,786
VAT recoverable	11,853	-
Amount due by parent and fellow subsidiary undertakings	1,714	18,805
Prepayments and accrued income	-	48,883
Deferred tax asset (see note 8)	4,553	5,829
	23,163	169,345

7 Creditors: amounts falling due within one year

	Unaudited 2016 £	2015 £
Overdrafts	122,705	-
Trade creditors	-	45,734
Amount due to parent and fellow subsidiary undertakings	13,392,718	13,381,228
Accruals and deferred income	38,213	59,015
	13,553,636	13,485,977

8 Provisions

	Dilapidations provisions
	Unaudited 2016 £
At 1 January 2016	219,000
Released	(219,000)
At 31 December 2016	-

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

The deferred tax asset (included in debtors, note 6) is made up as follows:

	Unaudited 2016 £
Balance at 1 January 2016	(5,829)
Profit and loss account	1,276
Balance at 31 December 2016	(4,553)

	Unaudited 2016 £	**2015 £**
Accelerated capital allowances	(4,553)	(5,829)
	(4,553)	(5,829)

9 Capital and reserves

	Unaudited 2016 £	2015 £
Ordinary share capital		
Issued and fully paid		
5,497,235 Ordinary shares of £1 each	5,497,235	5,497,235

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

Profit and loss account
Net profits kept to accumulate in the company after dividends are paid and retained in the business as working capital.

10 Operating lease commitments

	Land and buildings Unaudited 2016 £	2015 £
Within one year	-	101,864

11 Employees

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

The Director's remunerations were borne by another subsidiary of Capita plc without recharge (2015: £Nil).

12 Controlling party

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

The company's ultimate parent undertaking is Capita plc, a company incorporated in England and Wales. The accounts of Capita plc are available from the registered office at 71 Victoria Street, London, SW1H 0XA.