Company Registration No. SC021024 (Scotland)

CAPITA MCLARENS LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2009

THURSDAY

ARW7GNU1

A91 30/09/2010 146

COMPANIES HOUSE

CAPITA MCLARENS LIMITED

COMPANY INFORMATION

Directors	R J Shearer Capita Corporate Director Limited
Secretary	Capita Group Secretary Limited
Company number	SC021024
Registered office	The Beacon, 176 St Vincent Street Glasgow G2 5SG
Auditors	Ernst & Young LLP 1 More London Place London SE1 2AF
Bankers	Barclays Bank PLC 1 Churchill Place London E14 5HP
Solicitors	Herbert Smith Exchange House Primrose Street London EC2A 2HS

CAPITA MCLARENS LIMITED

CONTENTS

	Page
Directors' report	1 - 2
Independent auditors' report	3
Profit and loss account	4
Balance sheet	5
Notes to the financial statements	6 - 14

CAPITA MCLARENS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2009

The directors present their report and financial statements for the year ended 31 December 2009.

Principal activities and review of the business

The company is a wholly owned subsidiary (indirectly held) of The Capita Group Plc and operates within the group's Insurance & Investor Services division.

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 £1,323,472 to £1,071,349 over the prior year and operating loss has increased from £155,918 to £503,418 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 3% to £11,210,294. Details of amounts owed to its parent company and fellow subsidiary undertakings are shown in note 9 to the financial statements.

Key performance indicators used by The Capita Group Plc are operating margins, free cash flow, capital expenditure and return on capital employed. The Capita Group 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 The Capita Group 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.

Directors

The following directors have held office since 1 January 2009:

R J Shearer
Capita Corporate Director Limited

Environment

The Capita Group 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.

CAPITA MCLARENS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2009

Directors' responsibilities

The directors are responsible for preparing 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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;
- 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 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.

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

The Capita Group Plc has granted an indemnity to the directors 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

R J Shearer
Director
28 September 2010

CAPITA MCLARENS LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF CAPITA MCLARENS LIMITED

We have audited the financial statements of Capita McLarens Limited for the year ended 31 December 2009 which comprise the profit and loss account, the balance sheet and the related notes 1 to 17. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom 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 auditors

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 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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

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 2009 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.

Ernst + Young LLP

Richard Page (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP, Statutory Auditor
London

30 September 2010

CAPITA MCLARENS LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2009

	Notes	2009 £	2008 £
Turnover	2	1,071,349	1,323,472
Cost of sales		(1,004,075)	(1,031,545)
Gross profit		67,274	291,927
Administrative expenses		(570,692)	(447,845)
Operating loss	3	(503,418)	(155,918)
Other interest receivable and similar income	4	-	473
Interest payable and similar charges	5	(591)	(2,809)
Loss on ordinary activities before taxation		(504,009)	(158,254)
Tax on loss on ordinary activities	6	145,220	29,183
Loss for the year	12	(358,789)	(129,071)

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 2009

Company Registration No. SC021024 (Scotland)

	Notes	2009 £	2008 £
Fixed assets			
Tangible assets	7	32,068	95,865
Current assets			
Debtors	8	459,586	950,097
Creditors: amounts falling due within one year	9	(11,367,949)	(11,496,806)
Net current liabilities		(10,908,363)	(10,546,709)
Total assets less current liabilities		(10,876,295)	(10,450,844)
Provisions for liabilities	10	(333,999)	(400,661)
		(11,210,294)	(10,851,505)
Capital and reserves			
Called up share capital	11	5,497,235	5,497,235
Profit and loss account	12	(16,707,529)	(16,348,740)
Shareholders' funds	13	(11,210,294)	(10,851,505)

Approved by the Board and authorised for issue on 28 September 2010

R J Shearer
Director

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, The Capita Group Plc, has prepared a group cashflow statement in accordance with FRS1 (revised).

1.2 Change in accounting policies

The company has adopted the following new Financial Reporting Standards and Urgent Issues Task Force abstracts issued by the UK Accounting Standards Board (ASB). Adoption of these standards did not have any effect on the financial position of the company although in some instances they did give rise to additional disclosures.

Improvements to Financial Reporting Standards (2008) - In May 2008 the International Accounting Standards Board issued its first 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 December 2008. The adoption of these amendments, which are effective from 1 January 2009, did not have any impact on the financial position or performance of the company.

Amendments to FRS 8: Related Party Disclosures - This standard was amended to reflect international accounting developments and UK legal changes introduced by the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008. The definition of a related party has been amended and an exemption is only allowed for transactions entered into between two or more members of a group, provided that any subsidiary undertaking that is a party to the transaction is wholly owned by such a member.

Amendments to FRS 29: Financial Instruments: Disclosures - Improving Disclosures about Financial Instruments - The amended standard requires additional disclosure about fair value measurement and liquidity risk. This has had no effect on the financial statements of the company as the company takes advantage of the exemption allowed by paragraph 2D (a) of FRS 29 not to make these disclosures in its own entity's financial statements as the publicly available consolidated financial statements of The Capita Group Plc include the required disclosures for the group.

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 Accounting policies **(continued)**

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
Plant and machinery	4 - 10 years

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 The Capita Group 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

	2009	2008
	£	£
Operating loss is stated after charging:		
Depreciation of tangible assets	63,797	52,378
Operating lease rentals	1,004,075	1,031,545

Audit fees are borne by the ultimate parent undertaking, The Capita Group Plc. The audit fee for the current period was £2,000 (2008: £2,000). 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 Investment income

	2009	2008
	£	£
Other interest	-	473

5 Interest payable

	2009	2008
	£	£
Other interest	591	2,809

6 Taxation	2009	2008
	£	£
Domestic current year tax		
U.K. corporation tax	(130,492)	(29,861)
Adjustment for prior years	(11,233)	(110)
Current tax credit	(141,725)	(29,971)
Deferred tax		
Deferred tax (credit)/charge	(3,495)	1,272
Adjustment to deferred tax in respect of the previous period	-	(484)
	(3,495)	788
Tax credit for the year	(145,220)	(29,183)
Factors affecting the current tax credit for the year		
Loss on ordinary activities before taxation	(504,009)	(158,254)
Loss on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 28.00% (2008 - 28.50%)	(141,123)	(45,102)
Effects of:		
Non deductible expenses	7,136	16,536
Capital allowances in excess of depreciation	-	(1,295)
Depreciation in excess of capital allowances	3,495	-
Adjustments to previous periods	(11,233)	(110)
	(602)	15,131
Current tax credit	(141,725)	(29,971)

7 Tangible fixed assets

	Land and buildings Leasehold	Plant and machinery	Total
	£	£	£
Cost			
At 1 January 2009	264,700	9,565	274,265
Disposals	(46,407)	(9,565)	(55,972)
At 31 December 2009	218,293	-	218,293
Depreciation			
At 1 January 2009	168,835	9,565	178,400
On disposals	(46,407)	(9,565)	(55,972)
Charge for the year	63,797	-	63,797
At 31 December 2009	186,225	-	186,225
Net book value			
At 31 December 2009	32,068	-	32,068
At 31 December 2008	95,865	-	95,865

8 Debtors

	2009	2008
	£	£
Trade debtors	18,829	33,082
Corporation tax	130,492	701,355
Other debtors	32,477	32,297
Prepayments and accrued income	252,117	161,187
Deferred tax asset (see note 10)	25,671	22,176
	459,586	950,097

9	**Creditors: amounts falling due within one year**	**2009**	**2008**
		£	**£**
	Bank loans and overdrafts	871,039	1,085,714
	Trade creditors	11,983	9,709
	Amounts owed to parent and fellow subsidiary undertakings	10,257,757	10,193,702
	Accruals and deferred income	227,170	207,681
		11,367,949	11,496,806

10 Provisions for liabilities

	Onerous lease provision	Dilapidations provision	Total provision £
Balance at 1 January 2009	220,449	180,212	400,661
Profit and loss account	(44,500)	(141,500)	(186,000)
Additions	-	119,338	119,338
Balance at 31 December 2009	175,949	158,050	333,999

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 8) is made up as follows:

	2009 £
Balance at 1 January 2009	(22,176)
Profit and loss account	(3,495)
Balance at 31 December 2009	(25,671)

	2009 £	2008 £
Decelerated capital allowances	(25,671)	(22,176)

11 Share capital

	2009 £	2008 £
Authorised		
6,000,000 Ordinary shares of £1 each	6,000,000	6,000,000
Allotted, called up and fully paid		
5,497,235 Ordinary shares of £1 each	5,497,235	5,497,235

12 Statement of movements on profit and loss account

	Profit and loss account
	£
Balance at 1 January 2009	(16,348,740)
Loss for the year	(358,789)
Balance at 31 December 2009	(16,707,529)

13 Reconciliation of movements in shareholders' funds

	2009	2008
	£	£
Loss for the financial year	(358,789)	(129,071)
Opening shareholders' funds	(10,851,505)	(10,722,434)
Closing shareholders' funds	(11,210,294)	(10,851,505)

14 Financial commitments

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

	Land and buildings	
	2009	2008
	£	£
Operating leases which expire:		
Within one year	43,846	54,743
Between two and five years	166,400	441,225
In over five years	706,003	706,003
	916,249	1,201,971

15 Directors' emoluments

None of the directors received any remuneration for their services to the company.

The number of directors who exercised share options during the year was 1 (2008 - 2).

16 Employees

Number of employees

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

17 Control

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

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