

Company Registration No. 04130898 (England and Wales)

**CAPITA AURORA LIMITED**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**

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# **CAPITA AURORA LIMITED**

## **COMPANY INFORMATION**

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<b>Directors</b>	S J S Mayall on behalf of Capita Corporate Director Limited G Fraser (Appointed 10 June 2014) R F Boyles (Appointed 9 July 2015)
<b>Secretary</b>	Capita Group Secretary Limited
<b>Company number</b>	04130898
<b>Registered office</b>	71 Victoria Street Westminster London SW1H 0XA
<b>Auditors</b>	KPMG LLP 15 Canada Square London E14 5GL
<b>Bankers</b>	Barclays Bank PLC 1 Churchill Place London E14 5HP
<b>Solicitors</b>	Herbert Smith Freehills Exchange House Primrose Street London EC2A 2HS

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# **CAPITA AURORA LIMITED**

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# **CAPITA AURORA LIMITED**

## **STRATEGIC REPORT**

**FOR THE YEAR ENDED 31 DECEMBER 2014**

The directors present the strategic report and financial statements for the year ended 31 December 2014.

### **Review of the business**

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

The principal activity of the company continued to be that of the provision of insurance run-off management services to Independent Insurance Company Limited, in provisional liquidation. 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 5, the company's turnover has decreased from £3,353,504 to £3,343,722 over the prior year and the profit before tax has decreased from £810,581 to £686,505 over the same period.

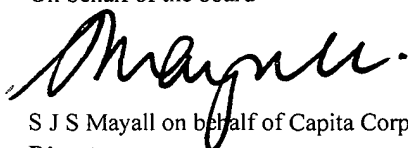
The balance sheet on page 6 of the financial statements shows the company's financial position at the year end. Net assets have increased from £2,338,174 to £2,873,861. Details of amounts owed by/to its parent company and fellow subsidiary undertakings are shown in notes 6 and 7 to the financial statements.

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 & Benefits 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, contract pricing, competition, regulatory and legislative impacts, recruitment and retention of staff 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**

3 September 2015

# **CAPITA AURORA LIMITED**

## **DIRECTORS' REPORT**

### **FOR THE YEAR ENDED 31 DECEMBER 2014**

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The directors present their report and financial statements for the year ended 31 December 2014.

#### **Results and dividends**

The results for the year are set out on page 5.

No interim dividend was paid (2013: £Nil). No final ordinary dividend was paid during the year (2013: £Nil).

#### **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.

#### **Employees**

Details of the number of employees and related costs can be found in note 14 to the financial statements.

#### **Directors**

The following directors have held office since 1 January 2014:

S J S Mayall on behalf of Capita Corporate Director Limited

I E Jarvis

(Appointed 28 February 2014 and resigned 10 June 2014)

W D Finlay

(Resigned 28 February 2014)

K S Clements

(Appointed 10 June 2014 and resigned 9 July 2015)

G Fraser

(Appointed 10 June 2014)

M A Pressland

(Appointed 10 June 2014 and resigned 10 June 2014)

R F Boyles

(Appointed 9 July 2015)

#### **Auditors**

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

**FOR THE YEAR ENDED 31 DECEMBER 2014**

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**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).

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 accounting 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 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 auditors**

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**

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



S J S Mayall on behalf of Capita Corporate Director Limited

**Director**

3 September 2015

# **CAPITA AURORA LIMITED**

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBERS OF CAPITA AURORA LIMITED**

We have audited the financial statement of Capita Aurora Limited for the year ended 31 December 2014 set out on pages 5 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 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](http://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 2014 and of its profit 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 Strategic Report and 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.



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

4 September 2015

**CAPITA AURORA LIMITED****PROFIT AND LOSS ACCOUNT****FOR THE YEAR ENDED 31 DECEMBER 2014**

	Notes	2014 £	2013 £
Turnover	2	3,343,722	3,353,504
Cost of sales		(2,643,499)	(2,515,757)
Gross profit		700,223	837,747
Administrative expenses		(13,718)	(27,166)
Profit on ordinary activities before taxation	3	686,505	810,581
Tax on profit on ordinary activities	4	(150,818)	(192,592)
Profit for the year	11	535,687	617,989

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.



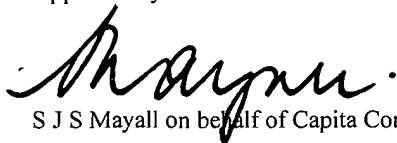
# CAPITA AURORA LIMITED

## BALANCE SHEET

AS AT 31 DECEMBER 2014

	Notes	2014 £	2013 £
<b>Fixed assets</b>			
Tangible assets	5	1,106	1,341
<b>Current assets</b>			
Debtors	6	577,161	386,775
Cash at bank and in hand		4,682,455	4,019,483
		<u>5,259,616</u>	<u>4,406,258</u>
<b>Creditors: amounts falling due within one year</b>	7	(2,386,861)	(2,069,425)
<b>Net current assets</b>		<u>2,872,755</u>	<u>2,336,833</u>
<b>Total assets less current liabilities</b>		<u>2,873,861</u>	<u>2,338,174</u>
		<u>2,873,861</u>	<u>2,338,174</u>
<b>Capital and reserves</b>			
Called up share capital	10	100	100
Share premium account	11	521,924	521,924
Profit and loss account	11	2,351,837	1,816,150
<b>Shareholders' funds</b>	12	<u>2,873,861</u>	<u>2,338,174</u>

Approved by the Board and authorised for issue on 3 September 2015



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

Company Registration No. 04130898

# CAPITA AURORA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

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### 1 Accounting policies

#### 1.1 Accounting convention

The financial statements are prepared under the historical cost convention

The company has 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.

Under Financial Reporting Standard 1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Company in its own published consolidated financial statements.

#### 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:

Computer equipment	3-5 years straight line
Fixtures, fittings & equipment	5 years straight line

#### 1.5 Leasing

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

#### 1.6 Pensions

The company operates defined contribution pension schemes and contributions are charged to the profit and loss account in the year in which they are due. These pension schemes are funded and the payment of contributions are made to separately administered trust funds. The assets of the pension schemes are held separately from the company.

The company remits monthly pension contributions to Capita Business Services Limited, a fellow subsidiary undertaking of Capita plc, which pays the group liability centrally. Any unpaid pension contributions at the year end have been accrued in the accounts of that company.

# CAPITA AURORA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

### 1 Accounting policies

(Continued)

#### 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 Share-based payments

The company participates in various share option and sharesave schemes operated by Capita plc, the ultimate parent undertaking. Details of these schemes are contained in the group's annual report.

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted and is recognised as an expense over the vesting period, which ends on the date on which the relevant employees become fully entitled to the award. Fair value is determined using an option pricing model. In valuing equity-settled transactions, no account is taken of any vesting conditions, other than conditions linked to the price of the shares of the company (market conditions).

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

At each balance sheet date before vesting, the cumulative expense is calculated, representing the extent to which the vesting period has expired and management's best estimate of the achievement or otherwise of non-market conditions, the number of equity instruments that will ultimately vest or in the case of an instrument subject to a market condition, be treated as vesting as described above. The movement in cumulative expense, attributable to the company, since the previous balance sheet date is recognised in the profit and loss account and settled with Capita plc, the ultimate parent undertaking.

In accordance with FRS 20, share option awards of the ultimate parent company's equity instruments in respect of settling grants to employees of the company are disclosed as a charge to the profit and loss account and a credit to equity. The company's policy is to reimburse its ultimate parent company through the inter company account for charges that are made to it. Hence the credit to equity has been eliminated, rather reflecting a credit to inter-company which better describes the underlying nature of the transaction.

#### 1.9 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.

# CAPITA AURORA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED 31 DECEMBER 2014**

### 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 profit

	2014 £	2013 £
Operating profit is stated after charging:		
Depreciation of tangible assets	827	674
Operating lease rentals		
- Plant and machinery	12,862	26,071

Audit fees are borne by the ultimate parent undertaking, Capita plc. The audit fee for the current period was £2,000 (2013: £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.

# CAPITA AURORA LIMITED

12/002/01

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

4	Taxation	2014 £	2013 £
	<b>Domestic current year tax</b>		
	U.K. corporation tax	144,026	161,369
	Adjustment for prior years	24,999	23,577
	<b>Total current tax</b>	<u>169,025</u>	<u>184,946</u>
	<b>Deferred tax</b>		
	Deferred tax charge/credit current year	3,323	29,805
	Deferred tax adjustments arising in previous periods	(21,530)	(22,159)
		<u>(18,207)</u>	<u>7,646</u>
		<u>150,818</u>	<u>192,592</u>
	<b>Factors affecting the tax charge for the year</b>		
	Profit on ordinary activities before taxation	<u>686,505</u>	<u>810,581</u>
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 21.50% (2013 - 23.25%)	<u>147,599</u>	<u>188,460</u>
	Effects of:		
	Non deductible expenses	-	98
	Capital allowances in excess of depreciation	(3,572)	(4,789)
	Other timing differences	-	(22,400)
	Adjustments to previous periods	24,998	23,577
		<u>21,426</u>	<u>(3,514)</u>
	<b>Current tax charge for the year</b>	<u>169,025</u>	<u>184,946</u>

A reduction in the UK corporation tax rate from 24% to 23% (effective 1 April 2013) was substantively enacted on 3 July 2012. Further reductions to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. In the Budget on 8 July 2015, the Chancellor announced additional planned reductions to 18% by 2020. This will reduce the company's future current tax charge accordingly. The deferred tax asset at 31 December 2014 has been calculated based on the rate of 20% substantively enacted at the balance sheet date.

# CAPITA AURORA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) THE FINANCIAL YEAR FOR THE YEAR ENDED 31 DECEMBER 2014

### 5 Tangible fixed assets

	Computer equipment	Fixtures, fittings & equipment	Total
	£	£	£
<b>Cost</b>			
At 1 January 2014	681,519	35,850	717,369
Additions	592	-	592
At 31 December 2014	682,111	35,850	717,961
<b>Depreciation</b>			
At 1 January 2014	680,178	35,850	716,028
Charge for the year	827	-	827
At 31 December 2014	681,005	35,850	716,855
<b>Net book value</b>			
At 31 December 2014	1,106	-	1,106
At 31 December 2013	1,341	-	1,341

### 6 Debtors

	2014	2013
	£	£
Amounts owed by parent and fellow subsidiary undertakings	44,696	51,154
Other debtors	12,760	13,745
Prepayments and accrued income	482,115	302,492
Deferred tax asset (see note 8)	37,590	19,384
	577,161	386,775

### 7 Creditors: amounts falling due within one year

	2014	2013
	£	£
Trade creditors	23,111	27,710
Amounts owed to parent and fellow subsidiary undertakings	102,029	32,259
Corporation tax	144,026	161,369
Accruals and deferred income	2,117,695	1,848,087
	2,386,861	2,069,425

# CAPITA AURORA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) HEMINGFILL FOR THE YEAR ENDED 31 DECEMBER 2014

### 8 Provisions for liabilities

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

	2014 £
Balance at 1 January 2014	(19,384)
Profit and loss account	(18,206)
Balance at 31 December 2014	<u>(37,590)</u>

	2014 £	2013 £
Decelerated capital allowances	(16,061)	(19,384)
Other timing differences	(21,529)	-
	<u>(37,590)</u>	<u>(19,384)</u>

### 9 Pension and other post-retirement benefit commitments Defined contribution

	2014 £	2013 £
Contributions payable by the company for the year	<u>135,001</u>	<u>187,928</u>

### 10 Share capital

	2014 £	2013 £
Allotted, called up and fully paid		
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

### 11 Statement of movements on reserves

	Share premium account £	Profit and loss account £
Balance at 1 January 2014	521,924	1,816,150
Profit for the year	-	535,687
Balance at 31 December 2014	<u>521,924</u>	<u>2,351,837</u>

# CAPITA AURORA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2014

12 Reconciliation of movements in shareholders' funds	2014 £	2013 £
Profit for the financial year	535,687	617,989
Contribution in respect of share based payment charge	-	420
Settlement of share based payment charge by intercompany	-	(420)
Opening shareholders' funds	2,338,174	1,720,185
Closing shareholders' funds	2,873,861	2,338,174

### 13 Financial commitments

At 31 December 2014 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 December 2015:

	2014 £	2013 £
Operating leases which expire:		
Within one year	1,372	6,002

### 14 Employees

#### Number of employees

The average monthly number of employees (including directors) during the year was:

	2014 Number	2013 Number
Operations	37	35
Admin	3	5
	40	40

#### Employment costs

	2014 £	2013 £
Wages and salaries	1,465,179	1,408,637
Social security costs	159,164	154,543
Other pension costs	135,001	187,928
Share based payments	-	420
	1,759,344	1,751,528

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



# **CAPITA AURORA LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

***FOR THE YEAR ENDED 31 DECEMBER 2014***

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### **15 Control**

The immediate parent company is Capita Insurance Services Holding 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.