

Company Registration No. 2018542 (England and Wales)

**CAPITA SYMONDS LIMITED**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2008**

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# **CAPITA SYMONDS LIMITED**

## **COMPANY INFORMATION**

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<b>Directors</b>	C Green A Murray C A Booy G Cowley J C B Goring T Jennings J H Southgate D J Spencer Capita Corporate Director Limited (Appointed 31 March 2008) M Norris (Appointed 16 June 2008)
<b>Secretary</b>	Capita Group Secretary Limited
<b>Company number</b>	2018542
<b>Registered office</b>	71 Victoria Street Westminster London SW1H 0XA
<b>Auditors</b>	Ernst & Young LLP 1 More London Place London SE1 2AF
<b>Bankers</b>	Barclays Bank PLC 1 Churchill Place London E14 5HP
<b>Solicitors</b>	Herbert Smith Exchange House Primrose Street London EC2A 2HS

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# **CAPITA SYMONDS LIMITED**

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# **CAPITA SYMONDS LIMITED**

## **DIRECTORS' REPORT**

### ***FOR THE YEAR ENDED 31 DECEMBER 2008***

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The directors present their report and financial statements for the year ended 31 December 2008.

#### **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 ICT, Property & Partnerships division.

The principal activity of the company continued to be that of providing a comprehensive range of property-related consulting services, including architecture, building services, building surveying, civil, structural & geotech engineering, cost management and project management, with specialisms in numerous areas including telecommunications engineering, infrastructure design and transportation. 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.

On 11 March 2008 the company acquired the entire share capital of Lovejoy Partnership Limited. On the same day the business, assets and liabilities of Lovejoy Partnership Limited were transferred to Capita Symonds Limited for a total consideration of £913,689 and settled via intercompany.

On 11 March 2008 the business, assets and liabilities of Derek Lovejoy London Limited, a subsidiary of Lovejoy Partnership Limited, were transferred to Capita Symonds Limited for a total consideration of £50,001 and settled via intercompany.

On 11 March 2008 the business, assets and liabilities of Derek Lovejoy Birmingham Limited, a subsidiary of Lovejoy Partnership Limited, were transferred to Capita Symonds Limited at no gain or loss and settled via intercompany.

On 4 May 2008 the company acquired the entire share capital of Nickalls Roche McMahon Limited. On 4 May 2008 the business, assets and liabilities of Nickalls Roche McMahon Limited were transferred to Capita Symonds Limited for a total consideration of £10,001 and settled via intercompany.

On 1 October 2008 the business, assets and liabilities of Pearce Buckle Holdings Limited were transferred to Capita Symonds Limited at no gain or loss and settled via intercompany.

On 1 October 2008 the business, assets and liabilities of Pearce Buckle (Design Engineers) Limited were transferred to Capita Symonds Limited at no gain or loss and settled via intercompany.

As shown in the company's profit and loss account on page 5, the company's turnover has increased by 17% over the prior year and operating profit has increased by 18% 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 decreased from £73,310,743 in 2007 to £73,125,613 in 2008, primarily due to the payment of a £12,000,000 dividend. Details of amounts owed by/to its parent company and fellow subsidiary undertakings are shown in notes 11, 13 and 14 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 ICT, Property & Partnerships division of The Capita Group Plc is discussed in the group's annual report which does not form part of this report.

# **CAPITA SYMONDS LIMITED**

## **DIRECTORS' REPORT (CONTINUED)**

### ***FOR THE YEAR ENDED 31 DECEMBER 2008***

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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.

#### **Results and dividends**

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

No interim ordinary dividend was paid during the current year or prior year. A final ordinary dividend of £12,000,000 was paid in the current year (2007: £Nil).

#### **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.

#### **Employees**

Details of the number of employees and related costs can be found in note 22 to the financial statements.

#### **Directors**

The following directors have held office since 1 January 2008:

C Green	
A Murray	
D C Jacob	(Resigned 31 March 2008)
G M Hurst	(Resigned 31 March 2008)
P R M Pindar	(Resigned 31 March 2008)
C A Booy	
P D Rowland	(Resigned 16 May 2008)
G Cowley	
J C B Goring	
M Whitwell	(Resigned 16 June 2008)
T Jennings	
J H Southgate	
D J Spencer	
Capita Corporate Director Limited	(Appointed 31 March 2008)
M Norris	(Appointed 16 June 2008)

#### **Employee involvement**

The company is committed to involving all employees in the performance and development of the company. Employees are distributed with frequent newsletters and internal noticeboard statements. The company maintains a strong communications network and employees are encouraged to discuss with management matters of interest to the employee and subjects affecting day to day operations of the company.

# **CAPITA SYMONDS LIMITED**

## **DIRECTORS' REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2008**

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### **Disabled persons**

It is the company's policy to give full consideration to suitable applications for employment of disabled persons. Disabled employees are eligible to participate in all career development opportunities available to staff. Opportunities also exist for employees of the company who become disabled to continue in their employment or to be retrained for other positions in the company.

### **Auditors**

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

### **Statement of 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). The financial statements are required by law to 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 those 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 1985. 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 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 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 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



T Jennings

**Director**

29 October 2009

# **CAPITA SYMONDS LIMITED**

## **INDEPENDENT AUDITORS' REPORT**

### **TO THE SHAREHOLDERS OF CAPITA SYMONDS LIMITED**

We have audited the company's financial statements for the year ended 31 December 2008 which comprise the profit and loss account, the balance sheet, and the related notes 1 to 24. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 auditors' 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 the directors and auditors**

The directors' responsibilities for preparing the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

#### **Basis of audit opinion**

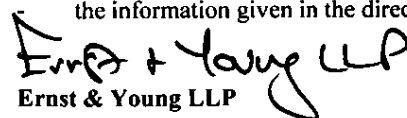
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

#### **Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2008 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.

  
Ernst & Young LLP  
Registered Auditor

London

30 October 2009

# CAPITA SYMONDS LIMITED

## PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2008

	Notes	2008 £	2007 £
Turnover	2	204,753,957	175,080,770
Cost of sales		(140,217,377)	(120,480,392)
<b>Gross profit</b>		64,536,580	54,600,378
Administrative expenses		(48,116,174)	(40,665,467)
Other operating income		499,365	421,313
<b>Operating profit</b>	3	16,919,771	14,356,224
Investment income	4	321,341	2,397,850
Other interest receivable and similar income	4	15,265	16,903
Interest payable and similar charges	5	(28,232)	(47,989)
<b>Profit on ordinary activities before taxation</b>		17,228,145	16,722,988
Tax on profit on ordinary activities	6	(5,413,275)	(4,614,240)
<b>Profit for the year</b>	18	11,814,870	12,108,748

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 SYMONDS LIMITED

## BALANCE SHEET

AS AT 31 DECEMBER 2008

	Notes	2008 £	2007 £
<b>Fixed assets</b>			
Intangible assets	8	5,276,248	4,669,554
Tangible assets	9	4,529,913	4,737,699
Investments	10	84,825,247	84,093,439
		<u>94,631,408</u>	<u>93,500,692</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	11	85,428,839	64,688,382
Debtors: amounts falling due after more than one year	11	447,171	347,453
Investments	12	12,900	12,900
Cash at bank and in hand		446,913	1,206,546
		<u>86,335,823</u>	<u>66,255,281</u>
<b>Creditors: amounts falling due within one year</b>	13	<u>(75,687,181)</u>	<u>(53,996,798)</u>
<b>Net current assets</b>		<u>10,648,642</u>	<u>12,258,483</u>
<b>Total assets less current liabilities</b>		105,280,050	105,759,175
<b>Creditors: amounts falling due after more than one year</b>	14	(30,000,000)	(30,091,319)
<b>Provisions for liabilities</b>	15	<u>(2,154,437)</u>	<u>(2,357,113)</u>
		<u>73,125,613</u>	<u>73,310,743</u>
<b>Capital and reserves</b>			
Called up share capital	17	1,475,933	1,475,933
Share premium account	18	55,923,274	55,923,274
Profit and loss account	18	15,726,406	15,911,536
<b>Shareholders' funds</b>	19	<u>73,125,613</u>	<u>73,310,743</u>

Approved by the Board and authorised for issue on 29 October 2009



T Jennings  
Director

# CAPITA SYMONDS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

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### 1 Accounting policies

#### 1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

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 Standard issued by the UK Accounting Standards Board.

Amendment to FRS 26 (IAS39): Financial Instruments: Recognition and Measurement and FRS 29 (IFRS 7): Financial Instruments: Disclosures - Reclassification of Financial Assets - These amendments to the standards, issued in October 2008, permit an entity to reclassify non-derivative financial assets (other than those designated at fair value through profit or loss by the entity upon initial recognition) out of the fair value through profit or loss category in particular circumstances. The amendments also permit an entity to transfer from the available-for-sale category to the loans and receivables category a financial asset that would have met the definition of loans and receivables (if the financial asset had not been designated as available for sale), if the entity has the intention and ability to hold that financial asset for the foreseeable future. These amendments, which are effective from 1 July 2008, have had no impact on the financial statements of the company.

#### 1.3 Compliance with accounting standards

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

#### 1.4 Turnover

Turnover, which is stated net of value added tax, represents amounts invoiced to third parties, except in respect of long-term contracts where turnover represents the sales value of work done in the year, including estimates in respect of amounts not invoiced. Turnover in respect of long-term contracts is calculated as that proportion of total contract value which costs incurred to date bear to total expected costs for that contract. Turnover was earned in the United Kingdom and Europe.

#### 1.5 Goodwill

Goodwill is amortised through the profit and loss account over its useful economic life that is considered to be 20 years. It is reviewed for impairment at the end of the first full financial year following acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

#### 1.6 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:

Leasehold improvements	over the period of the lease
Computer equipment	3 - 5 years
Fixtures, fittings & equipment	4 - 5 years
Motor vehicles	3 - 5 years

# **CAPITA SYMONDS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)** **FOR THE YEAR ENDED 31 DECEMBER 2008**

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### **1 Accounting policies**

**(continued)**

#### **1.7 Leasing**

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

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

#### **1.8 Investments**

Fixed asset investments are stated at cost less provision for impairment.

Current asset investments are stated at the lower of cost and net realisable value.

#### **1.9 Long term contracts**

Profits are recognised on long-term contracts where the final outcome can be assessed with reasonable certainty. In calculating this, the percentage of completion method is used based on the proportion of costs incurred to the total estimated cost. Cost includes direct staff costs and outlays. Full provision is made for all known or anticipated losses on each contract immediately such losses are forecast.

Amounts recoverable on long term contracts, which are included in debtors, are stated at the net sales value of the work done after provision for contingencies and anticipated future losses on contracts, less amounts received as progress payments on account. Excess progress payments are included in creditors as payments on account.

#### **1.10 Pensions**

The company maintains a number of contracted-out defined contribution schemes and contributions are charged to the profit and loss account in the year in which they are due. These schemes are funded and the payment of contributions is made to separately administered trust funds. The assets of these schemes are held separately from the company. The company remits monthly pension contributions to Capita Business Services Limited, a fellow subsidiary undertaking, which pays the group liability centrally. Any unpaid contributions at the year end have been accrued in the accounts of that company.

The company also makes contributions to multi-employer defined benefit schemes operated by the group. However, the company is unable to identify its share of the underlying assets and liabilities of the schemes on a consistent basis. Consequently, in accordance with FRS 17, the company accounts for contributions to the schemes as if they were defined contribution schemes.

# **CAPITA SYMONDS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)** **FOR THE YEAR ENDED 31 DECEMBER 2008**

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### **1 Accounting policies**

**(continued)**

#### **1.11 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 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;

- Provision is made for deferred taxation that would arise on remittance of the retained earnings of overseas subsidiaries only to the extent that, at the balance sheet date, dividends have been accrued as receivable;

- 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.

#### **1.12 Foreign currency translation**

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

# CAPITA SYMONDS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2008

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### 1 Accounting policies

(continued)

#### 1.13 Share based payments

The company participates in various share option and sharesave schemes operated by The Capita Group 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 The Capita Group 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.

#### 1.14 Group accounts

The accounts present information about the company as an individual undertaking and not about its group as the company has taken advantage of the exemption of Section 228 of the Companies Act 1985 not to prepare group accounts.

#### 1.15 Related party transactions

Other than disclosed in note 24, the company has not prepared related party transaction disclosure on the basis that The Capita Group Plc owns at least 90% of the voting rights of the company. The consolidated financial statements of The Capita Group Plc are publicly available in accordance with FRS8.

#### 1.16 Surplus properties

Following the adoption of FRS12 the company provides for its best estimate of future expenditure, net of sub-let income, associated with its surplus leasehold properties.

#### 1.17 Financial instruments: disclosure and presentation

The company has taken advantage of the exemption allowed by paragraph 2D (a) of FRS 29 not to make these disclosures in its own financial statements as the publicly available consolidated financial statements of The Capita Group Plc include the required disclosures for the group.

# CAPITA SYMONDS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2008

### 2 Turnover

The total turnover of the company for the year has been derived from its principal activity.

#### Geographical market

	2008 £	2007 £
United Kingdom	194,296,844	164,603,363
Overseas	10,457,113	10,477,407
	<u>204,753,957</u>	<u>175,080,770</u>

### 3 Operating profit

	2008 £	2007 £
Operating profit is stated after charging:		
Amortisation of intangible assets	369,926	330,940
Depreciation of tangible assets	2,025,183	1,914,510
Loss on disposal of tangible assets	43,156	4,369
Operating lease rentals		
- Other assets	2,189,048	2,013,464
- Land and buildings	5,658,956	4,833,908
and after crediting:		
Profit on foreign exchange transactions	<u>(499,365)</u>	<u>(116,027)</u>

Audit fees are borne by the ultimate parent undertaking, The Capita Group Plc. The audit fee for the current period was £30,000 (2007: £30,000). The company has taken advantage of the exemption provided by the Companies (Disclosure of Auditor Remuneration) Regulations 2005 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 1985.

### 4 Investment and interest income

	2008 £	2007 £
Income from shares in group undertakings	321,341	2,397,850
Bank interest	12,719	15,801
Interest on tax refunded	582	-
Other interest	1,964	1,102
	<u>336,606</u>	<u>2,414,753</u>

# CAPITA SYMONDS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2008

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5	Interest payable	2008 £	2007 £
	On amounts payable to group companies	27,917	-
	On bank loans and overdrafts	-	836
	Lease finance charges	-	43,899
	On overdue tax	-	293
	Other interest	315	2,961
		<hr/>	<hr/>
		28,232	47,989
		<hr/>	<hr/>

# CAPITA SYMONDS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2008

6	Taxation	2008 £	2007 £
	<b>Domestic current year tax</b>		
	U.K. corporation tax	5,567,700	4,841,943
	Adjustment for prior years	(105,472)	(484,522)
	<b>Current tax charge</b>	<u>5,462,228</u>	<u>4,357,421</u>
	<b>Deferred tax</b>		
	Deferred tax credit	(197,696)	(18,366)
	Adjustment to deferred tax in respect of the previous period	148,743	275,185
	<b>Deferred tax (credit)/charge</b>	<u>(48,953)</u>	<u>256,819</u>
	<b>Tax charge for the year</b>	<u>5,413,275</u>	<u>4,614,240</u>
	<b>Factors affecting the current tax charge for the year</b>		
	Profit on ordinary activities before taxation	<u>17,228,145</u>	<u>16,722,988</u>
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 28.50% (2007 - 30.00%)	<u>4,910,021</u>	<u>5,016,896</u>
	Effects of:		
	Expenses not deductible for tax purposes	568,034	-
	Non taxable income	-	(63,041)
	Capital allowances in excess of depreciation	-	(54,803)
	Depreciation in excess of capital allowances	204,356	-
	Adjustments to previous periods	(105,472)	(484,522)
	Double tax relief	(114,711)	(177,109)
	Other timing differences	-	120,000
		<u>552,207</u>	<u>(659,475)</u>
	<b>Current tax charge</b>	<u>5,462,228</u>	<u>4,357,421</u>

The UK corporation tax rate decreased from 30% to 28% on 1 April 2008. The deferred tax balance was adjusted in 2007 to reflect this change in rate to 28% resulting in a charge to the profit and loss account of £46,832 which was included in the deferred tax charge in 2007.

7	Dividends	2008 £	2007 £
	Ordinary final paid	<u>12,000,000</u>	<u>-</u>



# CAPITA SYMONDS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2008

### 8 Intangible fixed assets

	<b>Goodwill £</b>
<b>Cost</b>	
At 1 January 2008	6,618,794
Additions	976,620
	<hr/>
At 31 December 2008	7,595,414
	<hr/>
<b>Amortisation</b>	
At 1 January 2008	1,949,240
Charge for the year	369,926
	<hr/>
At 31 December 2008	2,319,166
	<hr/>
<b>Net book value</b>	
At 31 December 2008	5,276,248
	<hr/>
At 31 December 2007	4,669,554
	<hr/>

The intangible fixed assets represent goodwill which arose from the acquisition of the design and business services operation of Cumbria County Council in 2001, the acquisition of the assets and business of Percy Thomas in 2004, the acquisition of the assets and business of Norman and Dawbarn in 2005, and the acquisition of the assets and business of Church Lukas Limited in 2006.

The additions during the year represent the acquisition of the assets, liabilities and the associated business from Nickalls Roche McMahon Limited, Lovejoy Partnership Limited and Derek Lovejoy London Limited. Net liabilities acquired from Nickalls Roche McMahon amounted to £54,912, for a total consideration of £10,001. Net assets acquired from Lovejoy Partnership Limited and Derek Lovejoy London Limited amounted to £22,633 and £29,350 respectively, for a total consideration of £913,689 in respect of Lovejoy Partnership Limited and £50,001 in respect of Derek Lovejoy London Limited.

# CAPITA SYMONDS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2008

### 9 Tangible fixed assets

	Leasehold improvements	Computer equipment	Fixtures, fittings & equipment	Total
	£	£	£	£
<b>Cost</b>				
At 1 January 2008	3,609,029	2,974,419	1,880,859	8,464,307
Transfer from group undertakings	25,386	207,794	20,215	253,395
Additions	184,076	1,239,352	196,875	1,620,303
Disposals	(266,690)	(1,310,729)	(151,852)	(1,729,271)
At 31 December 2008	3,551,801	3,110,836	1,946,097	8,608,734
<b>Depreciation</b>				
At 1 January 2008	1,355,010	1,452,761	918,837	3,726,608
Exchange differences	-	33	-	33
On disposals	(210,422)	(1,310,729)	(151,852)	(1,673,003)
Charge for the year	542,748	1,078,495	403,940	2,025,183
At 31 December 2008	1,687,336	1,220,560	1,170,925	4,078,821
<b>Net book value</b>				
At 31 December 2008	1,864,465	1,890,276	775,172	4,529,913
At 31 December 2007	2,254,019	1,521,658	962,022	4,737,699

Included above are assets held under finance leases or hire purchase contracts as follows:

	Computer equipment	Fixtures, fittings & equipment	Total
	£	£	£
<b>Net book values</b>			
At 31 December 2008	3,490	74,706	78,196
At 31 December 2007	25,699	132,044	157,743
<b>Depreciation charge for the year</b>			
At 31 December 2008	22,209	57,338	79,547
At 31 December 2007	46,353	57,337	103,690

# CAPITA SYMONDS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2008

### 10 Fixed asset investments

	Shares in subsidiary undertakings £
<b>Cost</b>	
At 1 January 2008	84,093,439
Additions	731,808
	<hr/>
At 31 December 2008	84,825,247
	<hr/>

#### Principal holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

Company	Country of registration or incorporation	Class	Shares held %
<b>Subsidiary undertakings</b>			
Urban Vision Partnership Limited	England	Ordinary	50.10
Capita Symonds (Structures) Limited	England	Ordinary	100.00
Woolf Limited (indirectly held)	England	Ordinary	100.00
Pearce Buckle Holdings Limited	England	Ordinary	100.00
Lovejoy Partnership Limited	England	Ordinary	100.00
Nickalls Roche McMahon Limited	England	Ordinary	100.00

On 11 March 2008 the company acquired the entire share capital of Lovejoy Partnership Limited from Capita Business Services Limited for a total consideration of £327,178, being net asset value on this date, and settled via intercompany. On 4 May 2008 the company acquired the entire share capital of Nickalls Roche McMahon Limited from Capita Business Services Limited for a total consideration of £1 and settled via intercompany. On 1 October 2008 the company acquired the entire share capital of Pearce Buckle Holdings Limited from Capita Business Services Limited for a total consideration of £404,629, being net asset value on this date, and settled via intercompany.

# CAPITA SYMONDS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2008

<b>11 Debtors</b>	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
Trade debtors	37,240,488	34,234,627
Amounts recoverable on long term contracts	17,532,223	14,599,884
Amounts owed by parent and fellow subsidiary undertakings	28,483,782	14,330,254
Other debtors	198,092	120,760
Prepayments and accrued income	1,487,562	1,094,638
Deferred tax asset (see note 15)	933,863	655,672
	<u>85,876,010</u>	<u>65,035,835</u>
Amounts falling due after more than one year and included in the debtors above are:		
	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
Prepayments	<u>447,171</u>	<u>347,453</u>
<b>12 Current asset investments</b>	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
Other unlisted investments	<u>12,900</u>	<u>12,900</u>
<b>13 Creditors: amounts falling due within one year</b>	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
Bank loans and overdrafts	12,225,696	699,728
Net obligations under finance leases	86,222	115,204
Trade creditors	2,882,299	1,460,024
Amounts owed to parent and fellow subsidiary undertakings	36,203,179	33,076,592
Corporation tax	3,742,866	3,518,363
Other taxes and social security costs	5,955,646	5,224,271
Other creditors	970,769	743,309
Accruals and deferred income	13,620,504	9,159,307
	<u>75,687,181</u>	<u>53,996,798</u>

# CAPITA SYMONDS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2008

14 Creditors: amounts falling due after more than one year	2008 £	2007 £
Net obligations under finance leases	-	91,319
Amounts due to parent undertaking	30,000,000	30,000,000
	<u>30,000,000</u>	<u>30,091,319</u>
<b>Net obligations under finance leases</b>		
Repayable within one year	86,222	115,204
Repayable between one and five years	-	91,319
	<u>86,222</u>	<u>206,523</u>
Included in liabilities falling due within one year	(86,222)	(115,204)
	<u>-</u>	<u>91,319</u>

The loan of £30,000,000 was received from Capita Business Services Limited. The loan is interest free and is repayable with a notice period of at least one year.

# CAPITA SYMONDS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2008

### 15 Provisions for liabilities and charges

	Provisions £
Balance at 1 January 2008	2,357,113
Additions	592,156
Utilised	(469,832)
Released	(400,000)
Transfer from subsidiary undertaking	75,000
Balance at 31 December 2008	<u>2,154,437</u>

Provisions comprise: PI Excess provisions £2,154,437.

The PI Excess provision represents the PI excess on insurance claims plus the partial costs of certain specific claims. This provision is expected to be utilised within the next two years.

The deferred tax asset (included in debtors, note 11) is made up as follows:

	2008 £	
Balance at 1 January 2008	(655,672)	
Transfer from subsidiary undertaking	(227,092)	
Profit and loss account	(48,953)	
Exchange differences	(2,146)	
Balance at 31 December 2008	<u>(933,863)</u>	
	2008 £	2007 £
Decelerated capital allowances	(761,513)	(483,472)
Other timing differences	(172,350)	(172,200)
	<u>(933,863)</u>	<u>(655,672)</u>

# CAPITA SYMONDS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2008

### 16 Pension costs

The company offers both defined benefit and defined contribution pension schemes.

Contributions in respect of the defined contribution schemes payable by the company during the year amounted to £3,813,683 (2007: £3,210,574).

The company is a member of The Capita Pension and Life Assurance Scheme (Capita scheme), a defined benefit scheme. The pension costs for the defined benefit scheme are determined with the advice of an independent qualified actuary on the basis of triennial valuations using the projected unit credit method. The independent qualified scheme actuaries carried out the latest full valuation of the Capita scheme as at 6 April 2005 and the valuation was updated to 31 December 2008. Surpluses or deficits on the pension scheme arising from the actuarial valuation are spread over the average service lives of the members on a straight-line basis.

The pension charge for the defined benefit scheme for the year was £2,828,468 (2007: £2,141,876). The average employer contribution rate over 2008 across all Capita companies to final salary pension arrangements was approximately 18.1% pa of pensionable salaries including employee contributions made as part of a salary sacrifice scheme.

The major assumptions for the valuation at 31 December 2008 were as follows: expected rates of return on scheme assets: (i) equities/hedged funds/absolute returns - 5.6% - 7.7% (2007 - 7.6%); (ii) bonds - 5.7% (2007 - 5.2%); (iii) property - 4.6% (2007 - 7.6%); (iv) cash/other - 2.0% (2007 - 5.5%); rate of price inflation - 2.7% (2007 - 3.2%); rate of salary increase - 3.7% (2007 - 4.2%); rate of increase for pensions in payment - 2.6% (2007 - 3.2%); discount rate - 6.2% (2007 - 5.9%). The scheme assets at fair value at 31 December 2008 were (i) equities/hedged funds/absolute returns - £206.6m (2007 - £248.9m); (ii) bonds - £66.7m (2007 - £56.1m); (iii) property - £15.9m (2007 - £17.5m); (iv) insurance contracts - £3.2m (2007 - £3.5m); (v) cash/other - £25.4m (2007 - £24.5m), totalling £317.8m (2007 - £350.5m). The value of scheme liabilities was £320.2m (2007 - £330.2m) indicating that The Capita scheme had a deficit of £2.4m (2007 - surplus of £20.3m).

The company is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent basis. In accordance with FRS 17, the company therefore accounts for contributions to the scheme as if it were a defined contribution scheme. The full disclosure is available in the consolidated accounts of The Capita Group Plc.

17 Share capital	2008 £	2007 £
<b>Authorised</b>		
1,500,000 Ordinary shares of £1 each	<u>1,500,000</u>	<u>1,500,000</u>
<b>Allotted, called up and fully paid</b>		
1,475,933 Ordinary shares of £1 each	<u>1,475,933</u>	<u>1,475,933</u>

# CAPITA SYMONDS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2008

### 18 Statement of movements on reserves

	Share premium account	Profit and loss account
	£	£
Balance at 1 January 2008	55,923,274	15,911,536
Profit for the year	-	11,814,870
Dividends paid	-	(12,000,000)
	<u>55,923,274</u>	<u>15,726,406</u>
Balance at 31 December 2008	<u>55,923,274</u>	<u>15,726,406</u>

### 19 Reconciliation of movements in shareholders' funds

	2008	2007
	£	£
Profit for the financial year	11,814,870	12,108,748
Dividends	(12,000,000)	-
	<u>(185,130)</u>	<u>12,108,748</u>
Contribution in respect of share based payment charge	475,654	447,537
Settlement of share based payment charge by intercompany	(475,654)	(447,537)
Proceeds from issue of shares	-	30,000,000
	<u>(185,130)</u>	<u>42,108,748</u>
Net (depletion in)/addition to shareholders' funds	73,310,743	31,201,995
Opening shareholders' funds	<u>73,125,613</u>	<u>73,310,743</u>
Closing shareholders' funds	<u>73,125,613</u>	<u>73,310,743</u>



# CAPITA SYMONDS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2008

### 20 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		Other	
	2008	2007	2008	2007
	£	£	£	£
Operating leases which expire:				
Within one year	478,094	26,707	507,932	531,897
Between two and five years	1,879,194	1,152,218	904,835	1,138,782
In over five years	2,791,126	3,022,435	-	-
	<u>5,148,414</u>	<u>4,201,360</u>	<u>1,412,767</u>	<u>1,670,679</u>

The company has provided in the normal course of its business, performance bonds of £1,835,968 (2007: £4,629,196).

### 21 Directors' emoluments

	2008	2007
	£	£
Emoluments for qualifying services	1,676,139	1,551,035
Company pension contributions to money purchase schemes	52,480	66,694
	<u>1,728,619</u>	<u>1,617,729</u>

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 4 (2007 - 5).

The number of directors for whom retirement benefits are accruing under defined benefit schemes amounted to 2 (2007 - 2).

The number of directors who exercised share options during the year was 7 (2007 - 9).

Emoluments disclosed above include the following amounts paid to the highest paid director:

Emoluments for qualifying services	372,219	303,903
Company pension contributions to money purchase schemes	18,000	16,567
	<u>390,219</u>	<u>320,470</u>

The highest paid director has exercised share options during the year.

# CAPITA SYMONDS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2008

### 22 Employees

#### Number of employees

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

	2008 Number	2007 Number
Sales	32	29
Administration	77	77
Technical staff	2,821	2,449
	<u>2,930</u>	<u>2,555</u>

#### Employment costs

	2008 £	2007 £
Wages and salaries	104,737,502	87,426,418
Social security costs	10,586,585	9,063,872
Other pension costs	6,642,151	5,352,450
Share based payments	475,654	447,537
	<u>122,441,892</u>	<u>102,290,277</u>

### 23 Control

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

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

### 24 Related party transactions

During the year, the company sold goods and services to the value of £2,704,769 (2007: £3,928,253) in the normal course of business to Urban Vision Partnership Limited. In addition, the company purchased goods and services to the value of £1,164,205 (2007: £713,422) from Urban Vision Partnership Limited. All transactions were undertaken at normal market prices. At the balance sheet date, the amount due to Urban Vision Partnership Limited was £91,740 (2007: £9,755). The company owns 50.1% of the share capital of Urban Vision Partnership Limited.