

Company Registration No. 03397518 (England and Wales)

CAPITA ABSENCE MANAGEMENT SERVICES LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008

WEDNESDAY



LD4 *L42XABDM* 60
08/07/2009
COMPANIES HOUSE

CAPITA ABSENCE MANAGEMENT SERVICES LIMITED

COMPANY INFORMATION

Directors	A Page R Holland
Secretary	Capita Group Secretary Limited
Company number	03397518
Registered office	61-71 Victoria Street Westminster London SW1H 0XA
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 ABSENCE MANAGEMENT SERVICES LIMITED

CONTENTS

	Page
Directors' report	1 - 3
Independent auditors' report	4
Profit and loss account	5
Balance sheet	6
Notes to the financial statements	7 - 17

CAPITA ABSENCE MANAGEMENT SERVICES LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2008

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 Insurance & Investor Services division.

The principal activity of the company continued to be that of registered insurance brokers including the sale and development of general insurance products to the professional insurance intermediary market. 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 1 December 2008 the company acquired the business of Schoolsafe Insurance Services Limited for a consideration of £2,000,000 with professional fees of £49,252.

As shown in the company's profit and loss account on page 5, the company's turnover has increased by 20% over the prior year and operating profit has increased by 6% from £1,968,291 to £2,089,766 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 by 66% to £3,944,214. Details of amounts owed by/to its parent company and fellow subsidiary undertakings are shown in notes 8 and 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 manages its 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 & Specialist 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, 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 or final ordinary dividend was paid during the year or prior year.

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 17 to the financial statements.

CAPITA ABSENCE MANAGEMENT SERVICES LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2008

Directors

The following directors have held office since 1 January 2008:

A Page

R Holland

K Whyte

(Resigned 27 April 2009)

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.

CAPITA ABSENCE MANAGEMENT SERVICES LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2008

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



R Holland

Director

30 June 2009

CAPITA ABSENCE MANAGEMENT SERVICES LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF CAPITA ABSENCE MANAGEMENT SERVICES 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 18. 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
Ernst & Young LLP

Registered Auditor

London

2 July 2009

CAPITA ABSENCE MANAGEMENT SERVICES LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2008

	Notes	2008 £	2007 £
Turnover	2	4,760,736	3,954,523
Cost of sales		<u>(731,236)</u>	<u>(364,099)</u>
Gross profit		4,029,500	3,590,424
Administrative expenses		<u>(1,939,734)</u>	<u>(1,622,133)</u>
Operating profit	3	2,089,766	1,968,291
Other interest receivable and similar income	4	<u>114,420</u>	<u>112,663</u>
Profit on ordinary activities before taxation		2,204,186	2,080,954
Tax on profit on ordinary activities	5	<u>(638,704)</u>	<u>(631,908)</u>
Profit for the year	13	<u><u>1,565,482</u></u>	<u><u>1,449,046</u></u>

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 ABSENCE MANAGEMENT SERVICES LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2008

	Notes	2008 £	2007 £
Fixed assets			
Intangible assets	6	2,041,392	-
Tangible assets	7	85,325	51,435
		<u>2,126,717</u>	<u>51,435</u>
Current assets			
Debtors	8	225,671	238,548
Cash at bank and in hand		4,609,892	3,038,455
		<u>4,835,563</u>	<u>3,277,003</u>
Creditors: amounts falling due within one year	9	(3,018,066)	(949,706)
Net current assets		<u>1,817,497</u>	<u>2,327,297</u>
Total assets less current liabilities		<u>3,944,214</u>	<u>2,378,732</u>
		<u><u>3,944,214</u></u>	<u><u>2,378,732</u></u>
Capital and reserves			
Called up share capital	12	1,366	1,366
Share premium account	13	399,845	399,845
Other reserves	13	300,214	300,214
Profit and loss account	13	3,242,789	1,677,307
Shareholders' funds	14	<u><u>3,944,214</u></u>	<u><u>2,378,732</u></u>

Approved by the Board and authorised for issue on 30 June 2009


R Holland
Director

CAPITA ABSENCE MANAGEMENT SERVICES LIMITED

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

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 Changes 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 excludes value added tax, comprises brokerage commission and fees earned from the sale of insurance solutions and other risk management services to the education sector and other commercial organisations.

1.5 Intangible assets

Intangible assets acquired separately are capitalised at cost and those identified in a business acquisition are capitalised at fair value as at the date of acquisition. Following initial recognition, the carrying amount of an intangible asset is its cost less any accumulated amortisation and any accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite. There were no indefinite-lived assets in 2007 or 2008. Amortisation is charged on assets with finite lives, this expense is taken to the income statement through the administrative expenses line item.

Intangible assets with finite lives are only tested for impairment, either individually or at the cash-generating unit level, where there is an indicator of impairment.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

Customer lists and relationships are amortised over their useful economic life of 5 years.

CAPITA ABSENCE MANAGEMENT SERVICES LIMITED

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

1 Accounting policies

(continued)

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:

Land and buildings Leasehold	over the life of the lease
Plant and machinery	3-5 years
Fixtures, fittings & equipment	4-5 years

1.7 Leasing

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

1.8 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 The Capita Group Plc, which pays the group liability centrally. Any unpaid pension contributions at the year end have been accrued in the accounts of that company.

1.9 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.

1.10 Marketing Funds

Under the agreement between the company and the insurers with whom it places business, a percentage of the insurance premiums is retained by the company for the sole purpose of marketing supply teacher insurance. These amounts are designated as the marketing fund, and included within turnover.

Any balance outstanding on the marketing fund at the end of the period of the agreement is to be either repaid to the insurers or carried forward to subsequent years for the sole purpose of marketing and is included in accruals and deferred income.

CAPITA ABSENCE MANAGEMENT SERVICES LIMITED

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

1 Accounting policies

(continued)

1.11 Insurance Assets and Liabilities

The company acts as an agent in placing the insurable risks of their clients with insurers and, as such, generally are not liable as principals for amounts arising from such transactions. Notwithstanding these legal relationships, cash, debtors and creditors arising from insurance transactions are shown as assets and liabilities. This is in line with generally accepted accounting practice by Insurance Intermediaries.

1.12 Related party transactions

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.

1.13 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 intercompany which better describes the underlying nature of the transaction.

1.14 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.

2 Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

CAPITA ABSENCE MANAGEMENT SERVICES LIMITED

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

3	Operating profit	2008	2007
		£	£
	Operating profit is stated after charging:		
	Amortisation of intangible assets	7,860	-
	Depreciation of tangible assets	28,941	25,850
	Operating lease rentals		
	- Other assets	18,470	7,848
	- Land and buildings	88,215	87,933
		<u> </u>	<u> </u>

Audit fees are borne by the ultimate parent undertaking, The Capita Group Plc. The audit fee for the current period was £2,000 (2007: £2,000). 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 income	2008	2007
		£	£
	Bank interest	114,420	112,663
		<u> </u>	<u> </u>

CAPITA ABSENCE MANAGEMENT SERVICES LIMITED

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

5	Taxation	2008 £	2007 £
	Domestic current year tax		
	U.K. corporation tax	635,857	624,369
	Adjustment for prior years	639	10,010
	Current tax charge	<u>636,496</u>	<u>634,379</u>
	Deferred tax		
	Deferred tax charge	2,280	7,106
	Adjustment to deferred tax in respect of the previous period	(72)	(9,577)
		<u>2,208</u>	<u>(2,471)</u>
	Tax charge for the year	<u>638,704</u>	<u>631,908</u>
	Factors affecting the current tax charge for the year		
	Profit on ordinary activities before taxation	<u>2,204,186</u>	<u>2,080,954</u>
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 28.50% (2007 - 30.00%)	<u>628,193</u>	<u>624,286</u>
	Effects of:		
	Non deductible expenses	9,985	6,495
	Depreciation in excess of capital allowances	1,764	2,204
	Adjustments to previous periods	639	10,010
	Other timing differences	(4,085)	(8,616)
		<u>8,303</u>	<u>10,093</u>
	Current tax charge	<u>636,496</u>	<u>634,379</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 £693 which was included in the deferred tax charge in 2007.

CAPITA ABSENCE MANAGEMENT SERVICES LIMITED

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

6 Intangible fixed assets

	Intangible assets £
Cost	
At 1 January 2008	-
Additions	2,049,252
	<hr/>
At 31 December 2008	2,049,252
	<hr/>
Amortisation	
At 1 January 2008	-
Charge for the year	7,860
	<hr/>
At 31 December 2008	7,860
	<hr/>
Net book value	
At 31 December 2008	2,041,392
	<hr/> <hr/>
At 31 December 2007	-
	<hr/> <hr/>

The intangible asset acquired during the year relates to the acquisition of the business of Schoolsafe Insurance Services Limited. The company acquired the business for a consideration of £2,000,000 with professional fees of £49,252. Customer Lists and relationships are amortised over their useful life of 5 years.

CAPITA ABSENCE MANAGEMENT SERVICES LIMITED

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

7 Tangible fixed assets

	Land and buildings Leasehold	Plant and machinery	Fixtures, fittings & equipment	Total
	£	£	£	£
Cost				
At 1 January 2008	-	36,223	35,824	72,047
Additions	2,879	58,107	1,845	62,831
Disposals	-	(5,881)	-	(5,881)
At 31 December 2008	2,879	88,449	37,669	128,997
Depreciation				
At 1 January 2008	-	11,586	9,026	20,612
On disposals	-	(5,881)	-	(5,881)
Charge for the year	192	18,165	10,584	28,941
At 31 December 2008	192	23,870	19,610	43,672
Net book value				
At 31 December 2008	2,687	64,579	18,059	85,325
At 31 December 2007	-	24,637	26,798	51,435

8 Debtors

	2008 £	2007 £
Trade debtors	91,604	147,917
Amounts owed by parent and fellow subsidiary undertakings	80,085	54,130
Other debtors	35,489	19,473
Prepayments and accrued income	11,000	7,327
Deferred tax asset (see note 10)	7,493	9,701
	225,671	238,548

CAPITA ABSENCE MANAGEMENT SERVICES LIMITED

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

9	Creditors: amounts falling due within one year	2008 £	2007 £
	Trade creditors	53,328	40,335
	Amounts owed to parent and fellow subsidiary undertakings	2,102,788	43,064
	Corporation tax	635,857	697,216
	Other taxes and social security costs	1,862	1,195
	Other creditors	17,715	595
	Accruals and deferred income	206,516	167,301
		<u>3,018,066</u>	<u>949,706</u>

10 Provisions for liabilities

The deferred tax asset (included in debtors, note 8) is made up as follows:

	2008 £	2007 £
Balance at 1 January 2008	(9,701)	
Profit and loss account	2,208	
Balance at 31 December 2008	<u>(7,493)</u>	
	2008 £	2007 £
Decelerated capital allowances	(7,493)	(5,644)
Other timing differences	-	(4,057)
	<u>(7,493)</u>	<u>(9,701)</u>

11 Pension costs Defined contribution

	2008 £	2007 £
Contributions payable by the company for the year	<u>68,228</u>	<u>61,355</u>

CAPITA ABSENCE MANAGEMENT SERVICES LIMITED

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

12	Share capital	2008 £	2007 £
	Authorised		
	11,974,807 Ordinary shares of 2.5p each	299,370	299,370
	51,300 A Ordinary shares of 2.5p each	1,283	1,283
	11,893 B Ordinary shares of 2.5p each	297	297
		<u>300,950</u>	<u>300,950</u>
	Allotted, called up and fully paid		
	42,750 A Ordinary shares of 2.5p each	1,069	1,069
	11,893 B Ordinary shares of 2.5p each	297	297
		<u>1,366</u>	<u>1,366</u>

Each of the members who hold 'A' Shares whose nominal value exceeds 5% of the total issued share capital of the Company shall be entitled by notice in writing to the Company to appoint one director and by like notice to remove such directors and at any time and from time to time by like notice to appoint any other person to be a director in the place of a director so removed. Any director so appointed shall be an 'A' Director.

The holder or holders of a majority in nominal value of the 'B' Shares shall be entitled by notice in writing to the company to appoint one director and by like notice to remove any of such director and at any time and from time to time by like notice to appoint any other person to be a director in place of a director so removed. Any director so appointed shall be a 'B' Director.

The holder or holders of a majority in nominal value of the 'A' Shares and the holder or holders of a majority of the 'B' Shares shall be entitled together by notice in writing to the Company to appoint one or more additional directors and any such additional director may be removed by notice in writing to that effect being given to the Company by either the holder or holders of a majority in nominal value of the 'A' Shares or the holder or holders of a majority in nominal value of the 'B' Shares. Any director so appointed shall be an Additional Director.

In all other respects the 'A' Shares and 'B' Shares shall rank pari passu.

CAPITA ABSENCE MANAGEMENT SERVICES LIMITED

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

13 Statement of movements on reserves

	Share premium account	Other reserves (see below)	Profit and loss account
	£	£	£
Balance at 1 January 2008	399,845	300,214	1,677,307
Profit for the year	-	-	1,565,482
Balance at 31 December 2008	<u>399,845</u>	<u>300,214</u>	<u>3,242,789</u>
Other reserves			
Capital redemption reserve			
Balance at 1 January 2008 & at 31 December 2008		<u>300,214</u>	

14 Reconciliation of movements in shareholders' funds

	2008	2007
	£	£
Profit for the financial year	1,565,482	1,449,046
Contribution in respect of share based payment charge	20,376	19,172
Settlement of share based payment charge by intercompany	(20,376)	(19,172)
Opening shareholders' funds	<u>2,378,732</u>	<u>929,686</u>
Closing shareholders' funds	<u>3,944,214</u>	<u>2,378,732</u>

15 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:				
Between two and five years	<u>-</u>	<u>62,094</u>	<u>27,096</u>	<u>18,091</u>

CAPITA ABSENCE MANAGEMENT SERVICES LIMITED

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

16 Directors' emoluments	2008 £	2007 £
Emoluments for qualifying services	172,440	210,570
Company pension contributions to money purchase schemes	18,244	16,337
	<u>190,684</u>	<u>226,907</u>

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

The number of directors who exercised share options during the year was 2 (2007 - 1).

17 Employees

Number of employees

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

	2008 Number	2007 Number
Sales	9	9
Operations	15	14
Admin	6	6
	<u>30</u>	<u>29</u>

Employment costs	2008 £	2007 £
Wages and salaries	1,105,560	982,915
Social security costs	119,215	106,479
Other pension costs	68,228	61,355
Share based payments	20,376	19,172
	<u>1,313,379</u>	<u>1,169,921</u>

18 Control

The immediate parent company is Capita Insurance Services Limited (formerly Capita Commercial Services Limited), a company incorporated in England and Wales, and the ultimate parent company is The Capita Group Plc, a company incorporated in England and Wales.

The financial statements of The Capita Group Plc are available from the registered office at 71 Victoria Street, London SW1H 0XA.