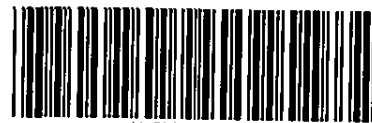


Company Registration No 03397518 (England and Wales)

CAPITA SPECIALIST INSURANCE SOLUTIONS LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

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CAPITA SPECIALIST INSURANCE SOLUTIONS LIMITED

COMPANY INFORMATION

Directors	A J Page W D Finlay P H Julier (Appointed 1 June 2013)
Secretary	Capita Group Secretary Limited
Company number	03397518
Registered office	71 Victoria Street Westminster London SW1H 0XA
Auditors	KPMG Audit Plc 15 Canada Square London E14 5GL
Bankers	Barclays Bank PLC 1 Churchill Place London E14 5HP
Solicitors	Herbert Smith Freehills Exchange House Primrose Street London EC2A 2HS

CAPITA SPECIALIST INSURANCE SOLUTIONS LIMITED

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CAPITA SPECIALIST INSURANCE SOLUTIONS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2012

The directors present their report and financial statements for the year ended 31 December 2012

Principal activities and review of the business

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

As shown in the company's profit and loss account on page 4, the company's turnover has increased from £4,745,034 to £4,797,735 over the prior year while the operating profit has increased from £957,429 to £963,628 over the same period.

The balance sheet on page 5 of the financial statements shows the company's financial position at the year end. Net assets have increased from £6,047,647 to £6,770,166. 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 Capita plc are operating margins, free cash flow, capital expenditure and return on capital employed. Capita plc and its subsidiaries manage 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 General Insurance 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.

Results and dividends

The results for the year are set out on page 4.

No interim or final ordinary dividend was paid during the year (2011: £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 17 to the financial statements.

Directors

The following directors have held office since 1 January 2012:

A J Page

W D Finlay

P H Julier

(Appointed 1 June 2013)

CAPITA SPECIALIST INSURANCE SOLUTIONS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2012

Auditors

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

Statement of directors' responsibilities

The directors are responsible for preparing the 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 they 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 estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- 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.

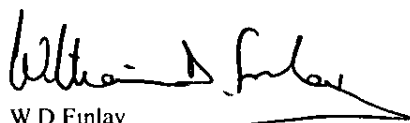
Statement of disclosure to auditors

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 the company's auditor, the directors have taken all the steps that he might reasonably be expected to take as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Qualifying 3rd party indemnity provisions

Capita 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



W D Finlay

Director

16 September 2013

CAPITA SPECIALIST INSURANCE SOLUTIONS LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF CAPITA SPECIALIST INSURANCE SOLUTIONS LIMITED

We have audited the financial statements of Capita Specialist Insurance Solutions Limited for the year ended 31 December 2012 set out on pages 4 to 17

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.

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 2012 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 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 Audit Plc, Statutory Auditor
Chartered Accountants

15 Canada Square
London

E14 5GL
19 September 2013

CAPITA SPECIALIST INSURANCE SOLUTIONS LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2012

	Notes	2012 £	2011 £
Turnover	2	4,797,735	4,745,034
Cost of sales		(550,538)	(557,050)
Gross profit		4,247,197	4 187,984
Administrative expenses		(3,283,569)	(3,230,555)
Profit on ordinary activities before taxation	3	963,628	957,429
Tax on profit on ordinary activities	4	(241 110)	(260,230)
Profit for the year	13	722 518	697,199

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 SPECIALIST INSURANCE SOLUTIONS LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2012

	Notes	2012 £	2011 £
Fixed assets			
Intangible assets	5	655,629	1,270,636
Tangible assets	6	865,620	692,031
Investments	7	50,000	50,000
		<u>1,571,249</u>	<u>2,012,667</u>
Current assets			
Debtors	8	408,271	2,231,599
Cash at bank and in hand		5,916,468	3,003,393
		<u>6,324,739</u>	<u>5,234,992</u>
Creditors, amounts falling due within one year	9	(1,101,545)	(1,192,912)
		<u>5,223,194</u>	<u>4,042,080</u>
Net current assets			
		<u>6,794,443</u>	<u>6,054,747</u>
Total assets less current liabilities			
		<u>6,794,443</u>	<u>6,054,747</u>
Provisions for liabilities	10	(24,277)	(7,100)
		<u>6,770,166</u>	<u>6,047,647</u>
Capital and reserves			
Called up share capital	12	1,367	1,366
Share premium account	13	399,845	399,845
Other reserves	13	300,214	300,214
Profit and loss account	13	6,068,740	5,346,222
		<u>6,770,166</u>	<u>6,047,647</u>
Shareholders' funds	14	<u>6,770,166</u>	<u>6,047,647</u>

Approved by the Board and authorised for issue on 16 September 2013



W D Finlay
Director

Company Registration No 03397518

CAPITA SPECIALIST INSURANCE SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

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.

The company has not produced a cashflow statement on the basis that the ultimate parent undertaking, Capita plc, has prepared a group cashflow statement in accordance with FRS1 (revised).

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, 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. Income is recognised once all obligations to the policyholder have been discharged.

1.4 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 2008 or 2009. 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 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.

1.5 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life as follows:

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

1.6 Leasing

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

CAPITA SPECIALIST INSURANCE SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2012

1 Accounting policies

(continued)

1.7 Investments

Fixed asset investments are stated at cost less provision for impairment

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 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.

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 Group accounts

The financial statements present information about the company as an individual undertaking and not about its group. The company has not prepared group accounts as it is exempt from the requirement to do so by section 400 of the Companies Act 2006 as it is a subsidiary undertaking of Capita plc, a company incorporated in England and Wales, and is included in the consolidated accounts of that company.

1.11 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 SPECIALIST INSURANCE SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 31 DECEMBER 2012**

1 Accounting policies

(continued)

1 12 Insurance broking assets and liabilities

The company acts as an agent in broking the insurable risks of its clients. Generally it is not liable as a principal for either premiums due to underwriters or return premiums payable to clients. Since in practice, premiums are usually accounted for by insurance intermediaries, the company has, notwithstanding its legal relationship with clients and underwriters, followed generally accepted accounting practice by showing cash, debtors and creditors to insurance broking business as assets and liabilities of the company itself.

As required within FRS5, balances arising from insurance broking transactions are reported as separate assets and liabilities unless such balances are due to or from the same party and the offset would survive the insolvency of that party, in which case they are aggregated into a single net balance.

1 13 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 SPECIALIST INSURANCE SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2012

1 Accounting policies

(continued)

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

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

	2012 £	2011 £
Operating profit is stated after charging		
Amortisation of intangible assets	615,007	615,007
Depreciation of tangible assets	87,251	102,885
Operating lease rentals		
- Other assets	11,515	-
- Land and buildings	89,505	-

Audit fees are borne by the ultimate parent undertaking, Capita plc. The audit fee for the current period was £1,000 (2011: £1,000). 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 SPECIALIST INSURANCE SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2012

4	Taxation	2012 £	2011 £
	Domestic current year tax		
	U K corporation tax	218,439	229,010
	Adjustment for prior years	5,494	19,727
	Current tax charge	<u>223,933</u>	<u>248,737</u>
	Deferred tax		
	Deferred tax charge	22,268	30,111
	Adjustment to deferred tax in respect of the previous period	(5,091)	(18,618)
		<u>17,177</u>	<u>11,493</u>
	Tax charge for the year	<u>241,110</u>	<u>260,230</u>
	Factors affecting the current tax charge for the year		
	Profit on ordinary activities before taxation	<u>963,628</u>	<u>957,429</u>
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 24.50% (2011 - 26.50%)	<u>236,089</u>	<u>253,719</u>
	Effects of		
	Expenses not deductible for tax purposes	6,241	5,402
	Capital allowances in excess of depreciation	(18,501)	(12,803)
	Adjustments in respect of prior periods	5,494	19,727
	Other timing differences	(5,390)	(17,308)
		<u>(12,156)</u>	<u>(4,982)</u>
	Current tax charge	<u>223,933</u>	<u>248,737</u>

The UK corporation tax rate decreased from 24% to 23% from 1 April 2013. The deferred tax balance has been adjusted to reflect the reduction to 23% (as this change was enacted at the balance sheet date) resulting in a credit to the profit and loss account of £2,111 included in the current year deferred tax liability. Proposed changes to tax rates that will have an effect on the deferred tax assets and liabilities of the company have also been announced but not substantively enacted at the balance sheet date. The impact of these changes on the company is not considered to be material.

CAPITA SPECIALIST INSURANCE SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2012

5 Intangible fixed assets

	Intangible assets £
Cost	
At 1 January 2012 & at 31 December 2012	2,966,368
Amortisation	
At 1 January 2012	1,695,732
Charge for the year	615,007
At 31 December 2012	2,310,739
Net book value	
At 31 December 2012	655,629
At 31 December 2011	1,270,636

Intangible assets relates to the acquisition of the business of Schoolsafe Insurance Services Limited, acquired in 2008

6 Tangible fixed assets

	Land and buildings Leasehold £	Computer equipment £	Fixtures, fittings & equipment £	Total £
Cost				
At 1 January 2012	174,423	603,960	58,445	836,828
Additions	-	260,840	-	260,840
Disposals	-	(23,140)	(12,588)	(35,728)
At 31 December 2012	174,423	841,660	45,857	1,061,940
Depreciation				
At 1 January 2012	60,557	48,481	35,759	144,797
On disposals	-	(23,140)	(12,588)	(35,728)
Charge for the year	35,065	36,618	15,568	87,251
At 31 December 2012	95,622	61,959	38,739	196,320
Net book value				
At 31 December 2012	78,801	779,701	7,118	865,620
At 31 December 2011	113,866	555,479	22,686	692,031

CAPITA SPECIALIST INSURANCE SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2012

7 Fixed asset investments

	Shares in subsidiary undertakings £
Cost	
At 1 January 2012 & at 31 December 2012	50,000
Net book value	
At 31 December 2012	50,000
At 31 December 2011	50,000

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	Shares held Class	%	Principal activity
Subsidiary undertakings				
Brokers Educational Supply Teachers Claims Limited	England & Wales	Ordinary	50.00	Claims handling services

8 Debtors	2012 £	2011 £
Trade debtors	362,737	206,247
Amounts owed by parent and fellow subsidiary undertakings	864	1,974,450
Other debtors	11,987	11,940
Prepayments and accrued income	32,683	38,962
	<u>408,271</u>	<u>2,231,599</u>

CAPITA SPECIALIST INSURANCE SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2012

9 Creditors' amounts falling due within one year	2012 £	2011 £
Insurance creditors	66,495	111,544
Amounts owed to parent and fellow subsidiary undertakings	519,151	453,865
Corporation tax	218,439	229,011
Other creditors	7,852	580
Accruals and deferred income	289,608	397,912
	<u>1,101,545</u>	<u>1,192,912</u>

10 Provisions for liabilities

	Deferred tax liability £
Balance at 1 January 2012	7,100
Profit and loss account	<u>17,177</u>
Balance at 31 December 2012	<u>24,277</u>

The deferred tax liability is made up as follows

	2012 £	2011 £
Accelerated capital allowances	<u>24,277</u>	<u>7,100</u>

11 Pension and other post-retirement benefit commitments Defined contribution

	2012 £	2011 £
Contributions payable by the company for the year	<u>82,975</u>	<u>78,084</u>

CAPITA SPECIALIST INSURANCE SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2012

12 Share capital	2012 £	2011 £
Authorised		
1,367 Ordinary shares of £1 each	1 367	-
- A Ordinary shares of 2 5p each	-	1 283
- B Ordinary shares of 2 5p each	-	297
11,974 807 Ordinary shares of 2 5p each	-	299,370
	<u>1 367</u>	<u>300 950</u>
Allotted, called up and fully paid		
1,367 Ordinary shares of £1 each	1,367	-
- A Ordinary shares of 2 5p each	-	1 069
- B Ordinary shares of 2 5p each	-	297
	<u>1,367</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 SPECIALIST INSURANCE SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2012

13 Statement of movements on reserves

	Share premium account	Other reserves (see below)	Profit and loss account
	£	£	£
Balance at 1 January 2012	399,845	300,214	5,346,222
Profit for the year	-	-	722,518
Balance at 31 December 2012	<u>399,845</u>	<u>300,214</u>	<u>6,068,740</u>

Other reserves

Capital redemption reserve

Balance at 1 January 2012 & at 31 December 2012

300,214

14 Reconciliation of movements in shareholders' funds

	2012 £	2011 £
Profit for the financial year	722,518	697,199
Contribution in respect of share based payment charge	18,297	10,418
Settlement of share based payment charge by intercompany	(18,297)	(10,418)
Proceeds from issue of shares	1	-
Net addition to shareholders' funds	<u>722,519</u>	<u>697,199</u>
Opening shareholders' funds	6,047,647	5,350,448
Closing shareholders' funds	<u>6,770,166</u>	<u>6,047,647</u>

15 Financial commitments

At 31 December 2012 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 December 2013

	Other 2012 £	2011 £
Operating leases which expire		
Within one year	-	4,662
Between two and five years	12,827	4,403
	<u>12,827</u>	<u>9,065</u>

CAPITA SPECIALIST INSURANCE SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2012

16 Directors' remuneration	2012 £	2011 £
Remuneration for qualifying services	139,142	241,929
Company pension contributions to defined contribution schemes	14,190	6,100
	<u>153,332</u>	<u>248,029</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2011 - 1)

The number of directors who exercised share options during the year was 1 (2011 - 1)

17 Employees

Number of employees

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

	2012 Number	2011 Number
Sales	17	9
Operations	22	26
Admin	1	4
	<u>40</u>	<u>39</u>

Employment costs	2012 £	2011 £
Wages and salaries	1,387,292	1,279,190
Social security costs	131,670	148,185
Other pension costs	82,975	78,084
Share based payments	18,297	10,418
	<u>1,620,234</u>	<u>1,515,877</u>

18 Control

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

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

CAPITA SPECIALIST INSURANCE SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 31 DECEMBER 2012**

19 Related party transactions

During the year the company received £79,445 (2011 £62,750) from Brokers Educational Supply Teachers Claims Limited in respect of costs borne on its behalf. In the same period, the company paid commission to Brokers Educational Supply Teachers Claims Limited of £164,088 (2011 £155,688) for claims processed on behalf of Groupama Insurance Company Limited. At balance sheet date the amount due to Brokers Educational Supply Teachers Claims Limited was £864 (2011 £824). Capita Specialist Insurance Solutions Limited, a fellow subsidiary undertaking of Capita Plc, owns 50% of the shares in Brokers Educational Supply Teachers Claims Limited and is one of two shareholders in the subsidiary with influence over the financial and operating policies.