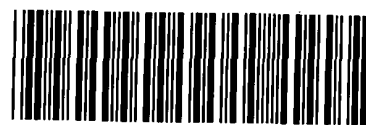


Company Registration No. 04130898 (England and Wales)

CAPITA AURORA LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

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CAPITA AURORA LIMITED

COMPANY INFORMATION

Directors	S J S Mayall on behalf of Capita Corporate Director Limited R Montague-Fuller (Appointed 31 August 2016)
Secretary	Capita Group Secretary Limited
Company number	04130898
Registered office	71 Victoria Street London Westminster SW1H 0XA
Bankers	Barclays Bank PLC 1 Churchill Place London E14 5HP
Solicitors	Herbert Smith Freehills Exchange House Primrose Street London EC2A 2HS

CAPITA AURORA LIMITED

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CAPITA AURORA LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2016

The directors present the strategic report and financial statements for the year ended 31 December 2016.

Review of the business

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

The principal activity of the company continued to be that of the provision of insurance run-off management services to Independent Insurance Company Limited, in provisional liquidation. The IICL Scheme is expected to complete at the end of 2017, which will have a significant impact on the future profitability of the company after that date. The end of the contract therefore represents an uncertainty on the company's ability to continue as a going concern after this date, but the net current asset balance on page 6 and profitability on page 5 demonstrate the company is in a good position to realise its assets and discharge its liabilities in the normal course of business. The directors also plan on completing a business review in 2016 to identify further business opportunities, and for these reasons have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and continue to adopt the going concern basis.

As shown in the company's profit and loss account on page 4, the company's turnover has decreased from £4,195,461 to £1,894,607 over the prior year and the operating profit before tax has decreased from £601,619 to £541,428 over the same period.

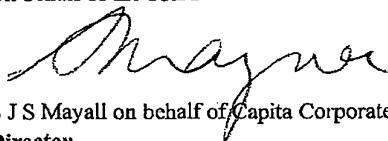
The balance sheet on page 5 of the financial statements shows the company's financial position at the year end. Net assets have increased from £3,351,032 to £3,782,392. Details of amounts owed by/to its parent company and fellow subsidiary undertakings are shown in notes 5 and 6 to the financial statements.

Key performance indicators used by Capita plc are operating margins, free cash flow, capital expenditure and return on capital employed. Capita plc and its subsidiaries manage their operations on a divisional basis and as a consequence, some of these indicators are monitored only at a divisional level. The performance of the Insurance & Benefits Services division of Capita plc is discussed in the group's annual report which does not form part of this report.

Systems and procedures are in place to identify, assess and mitigate major business risks that could impact the company. Monitoring exposure to risk and uncertainty is an integral part of the company's structured management processes. The principal risks that the company faces are operational risk, contract pricing, competition, regulatory and legislative impacts, recruitment and retention of staff and maintenance of reputation and strong supplier and customer relationships.

Group risks are discussed in the group's annual report which does not form part of this report.

On behalf of the board



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

26 September 2017

CAPITA AURORA LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2016

The directors present their annual report and financial statements for the year ended 31 December 2016.

Results and dividends

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

No interim or final ordinary dividends were paid during the year (2015: £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 11 to the financial statements.

Directors

The following directors, have held office since 1 January 2016:

S J S Mayall on behalf of Capita Corporate Director Limited	
R Montague-Fuller	(Appointed 31 August 2016)
G Fraser	(Resigned 26 July 2016)
R F Boyles	(Resigned 31 August 2016)

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

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 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 AURORA LIMITED

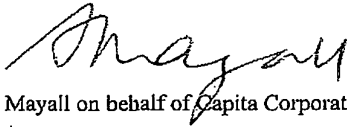
DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

Qualifying 3rd party indemnity provisions

The company has granted an indemnity to the directors of the company against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the directors' report.

On behalf of the board



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

26 September 2017

CAPITA AURORA LIMITED

STATEMENT OF PROFIT AND LOSS AND COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2016

		Unaudited 2016	2015
	Notes	£	£
Turnover		1,894,607	4,195,461
Cost of sales		(1,335,922)	(3,581,520)
Gross profit		558,685	613,941
Administrative expenses		(17,257)	(12,322)
Operating profit	2	541,428	601,619
Tax on profit on ordinary activities	3	(110,068)	(124,448)
Profit and comprehensive income for the financial year		431,360	477,171

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

CAPITA AURORA LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2016

	Notes	Unaudited 2016 £	2015 £
Fixed assets			
Tangible fixed assets	4	1,142	435
		<u>1,142</u>	<u>435</u>
Current assets			
Debtors	5	5,644,824	5,247,838
Cash at bank and in hand		-	348,126
		<u>5,644,824</u>	<u>5,595,964</u>
Creditors: amounts falling due within one year	6	(1,863,574)	(2,245,367)
Net current assets		<u>3,781,250</u>	<u>3,350,597</u>
Total assets less current liabilities		<u>3,782,392</u>	<u>3,351,032</u>
		<u><u>3,782,392</u></u>	<u><u>3,351,032</u></u>
Capital and reserves			
Called up share capital	9	100	100
Share premium account	9	521,924	521,924
Profit and loss account	9	3,260,368	2,829,008
Shareholders' funds		<u>3,782,392</u>	<u>3,351,032</u>
		<u><u>3,782,392</u></u>	<u><u>3,351,032</u></u>

Audit exemption statement

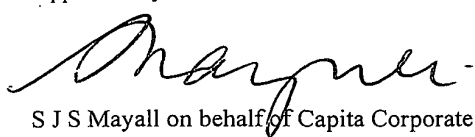
For the year ended 31 December 2016 the company was entitled to exemption under section 479A of the Companies Act 2006 relating to subsidiary companies.

No members have required the company to obtain an audit of its accounts for the year in question in accordance with section 476 of the Companies Act 2006.

The directors acknowledge their responsibility for complying with the requirements of the Act with respect to accounting records and for the preparation of accounts.

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

Approved by the Board and authorised for issue on 26 September 2017



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

Company Registration No. 04130898

CAPITA AURORA LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2016

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2015	100	521,924	2,351,837	2,873,861
Profit for the year	-	-	477,171	477,171
Total comprehensive income for the period	-	-	477,171	477,171
At 31 December 2015	100	521,924	2,829,008	3,351,032
Profit for the year - Unaudited	-	-	431,360	431,360
Total comprehensive income for the period - Unaudited	-	-	431,360	431,360
At 31 December 2016 - Unaudited	100	521,924	3,260,368	3,782,392

CAPITA AURORA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

Capita Aurora Limited is a company incorporated and domiciled in the UK.

The IICL Scheme is expected to complete at the end of 2017, which will have a significant impact on the future profitability of the company after that date. The end of the contract therefore represents an uncertainty on the company's ability to continue as a going concern after this date, but the net current asset balance on page 5 and profitability on page 4 demonstrate the company is in a good position to realise its assets and discharge its liabilities in the normal course of business. The directors also plan on completing a business review in 2016 to identify further business opportunities, and for these reasons have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and continue to adopt the going concern basis.

1.2 Compliance with accounting standards

These financial statements were prepared in accordance with Financial Reporting Standard 101 - Reduced Disclosure Framework (FRS 101).

In preparing these financial statements, the company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with the Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The company's ultimate parent undertaking, Capita plc, includes the company in its consolidated statements. The consolidated financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU (EU-IFRS) and are available to the public and may be obtained from 71 Victoria Street, London SW1H 0XA. In these financial statements, the company has applied the disclosure exemptions available under FRS 101 in respect of the following disclosures:

- A cash flow statement and related notes;
- Comparative period reconciliations for share capital, tangible fixed assets and intangible assets;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- An additional balance sheet for the beginning of the earliest comparative period following the retrospective change in accounting policy;
- Disclosures in respect of the compensation of key management personnel.

As the consolidated financial statements of Capita plc include equivalent disclosures, the company has also taken the disclosure exemptions under FRS 101 available in respect of the following disclosure:

- Certain disclosures required by IFRS 2 Share Based Payments in respect of group settled share based payments;
- Certain disclosures required by IAS 36 Impairments of assets in respect of the impairment of goodwill and indefinite life intangible assets;
- Certain disclosures required by IFRS 3 Business Combinations in respect of business combinations undertaken by the company, in the current and prior periods including the comparative period reconciliation for goodwill; and
- Disclosures required by IFRS 7 Financial Instrument Disclosures.

1.3 Revenue

Turnover is stated net of VAT and trade discounts. Subscription income is recognised over the life of the contract period. Where fees are contingent upon success, these are included only to the extent that the likelihood of success can be judged with reasonable certainty.

CAPITA AURORA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

(Continued)

1.4 Tangible fixed assets and depreciation

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

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

1.5 Leasing

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

1.6 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term liquid investments with original maturities of three months or less. Bank overdrafts are shown within current liabilities.

1.7 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred income tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences:

- except where the deferred tax liability arises from the initial recognition of goodwill
- except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- in respect of taxable temporary differences associated with investments in subsidiaries, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax assets and unused tax losses can be utilised, except where the deferred income tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

CAPITA AURORA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

(Continued)

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.

2 Profit for the year

	Unaudited 2016	2015
	£	£
Operating profit for the year is stated after charging:		
Depreciation of property, plant and equipment	525	671
Operating lease rentals - other assets	-	24,121

Audit fees are borne by the ultimate parent undertaking, Capita plc. The audit fee for the current period was £Nil (2015: £3,000). The company has taken advantage of the exemption provided by regulations 6(2)(b) of The Companies (Disclosure of Auditor Remuneration and Liability Limitation Agreements) Regulations 2008 not to provide information in respect of fees for other (non-audit) services as this information is required to be given in the group accounts of the ultimate parent undertaking, which it is required to prepare in accordance with the Companies Act 2006.

CAPITA AURORA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

3 Income tax expense

	Unaudited 2016	2015
	£	£
Corporation tax		
Current year	105,879	119,361
Adjustments in respect of prior periods	3,979	(5,084)
	<u>109,858</u>	<u>114,277</u>
Deferred tax		
Origination and reversal of temporary differences	3,766	5,483
Adjustment in respect of prior periods	(3,556)	4,688
	<u>210</u>	<u>10,171</u>
Total tax charge	<u>110,068</u>	<u>124,448</u>

The expense for the year can be reconciled to the profit per the profit and loss account as follows:

	Unaudited 2016	2015
	£	£
Profit before taxation	<u>541,428</u>	<u>601,619</u>
Profit before taxation multiplied by standard rate of UK corporation tax of 20.00% (2015 - 20.25%)	<u>108,286</u>	<u>121,828</u>
Taxation impact of factors affecting tax expense:		
Adjustments in respect of current income tax of prior years	3,979	(5,084)
Adjustments in respect of deferred income tax of prior years	(3,557)	4,688
Impact of changes in statutory tax rates	1,360	3,016
Total adjustments	<u>1,782</u>	<u>2,620</u>
Total tax expense for the year	<u>110,068</u>	<u>124,448</u>

The UK corporation tax rate has decreased from 20% to 19% from 1 April 2017 with a further reduction to 17% from 1 April 2020. The previously enacted reduction to 18% from 1 April 2020 was amended to 17% by the 2016 Finance Act. The deferred tax balance has been adjusted to reflect this change.

CAPITA AURORA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

4 Property, plant and equipment

	Fixtures, fittings & equipment £	Computer equipment £	Total £
Cost			
At 1 January 2016	35,850	682,111	717,961
Additions	-	1,232	1,232
31 December 2015	35,850	683,343	719,193
Depreciation			
At 1 January 2016	35,850	681,676	717,526
Charge for the year	-	525	525
31 December 2015	35,850	682,201	718,051
Net book value			
At 31 December 2016	-	1,142	1,142
At 31 December 2015	-	435	435

5 Debtors

	Unaudited 2016 £	2015 £
Trade debtors	5,611	-
Other receivables	1	19,915
VAT recoverable	7,884	-
Amount due by parent and fellow subsidiary undertakings	5,593,138	4,600,986
Prepayments and accrued income	10,980	599,518
Deferred tax asset (see note 8)	27,210	27,419
	5,644,824	5,247,838

CAPITA AURORA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

6 Creditors: amounts falling due within one year

	Unaudited 2016	2015
	£	£
Overdrafts	2,008	-
Trade creditors	8,438	45,771
Amount due to parent and fellow subsidiary undertakings	88,802	213,042
Corporation tax	86,455	119,361
Other creditors	346	-
Accruals and deferred income	1,677,525	1,867,193
	<u>1,863,574</u>	<u>2,245,367</u>

7 Pensions and other post-retirement benefit commitments

The total costs charged to income in respect of defined contribution plans is £147,859 (2015 - £169,503).

8 Provisions

The deferred tax asset (included in debtors, note 5) is made up as follows:

	Unaudited 2016	2015
	£	£
Balance at 1 January 2016	(27,419)	
Profit and loss account	209	
Balance at 31 December 2016	<u>(27,210)</u>	
	<u>Unaudited 2016</u>	<u>2015</u>
	£	£
Accelerated capital allowances	(9,538)	(12,263)
Other temporary differences	(17,672)	(15,156)
	<u>(27,210)</u>	<u>(27,419)</u>

CAPITA AURORA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

9	Capital and reserves	Unaudited 2016 £	2015 £
	Allotted, called up and fully paid		
	100 Ordinary shares of £1 each	100	100

Share capital

The nominal proceeds on issue of the Company's equity share capital, comprising £1 ordinary shares.

Share premium

The amount paid to the company by shareholders, in cash or other consideration, over and above the nominal value of the shares issued to them.

Profit and loss account

Net profits kept to accumulate in the company after dividends are paid and retained in the business as working capital.

10 Employees

The average monthly number of employees (including non-executive directors) were:

	Unaudited 2016 Number	2015 Number
Operations	40	41
Admin	-	2
	40	43

Their aggregate remuneration comprised:

Employment costs	Unaudited 2016 £	2015 £
Wages and salaries	1,376,144	1,536,583
Social security costs	140,745	164,876
Pension costs	147,859	169,503
	1,664,748	1,870,962

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

11 Controlling party

The company's immediate parent undertaking is Capita Insurance Services Holding 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.