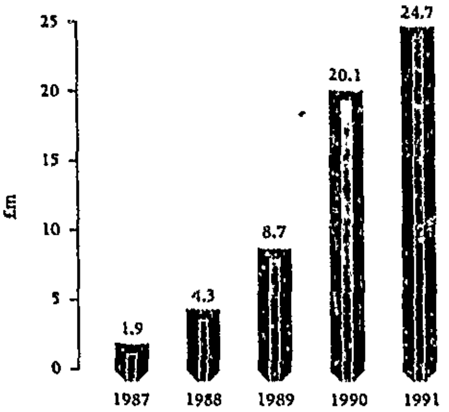
CAPITA

THE CAPITA GROUP PLC

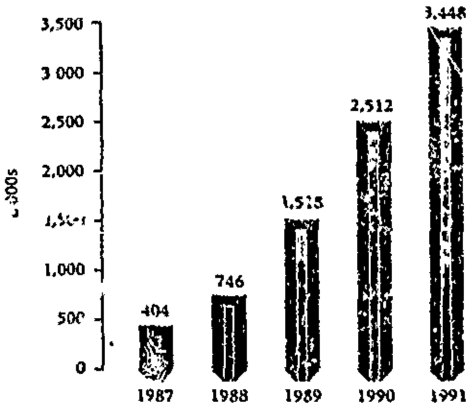
Report and Accounts
1991

FIVE YEAR RECORD

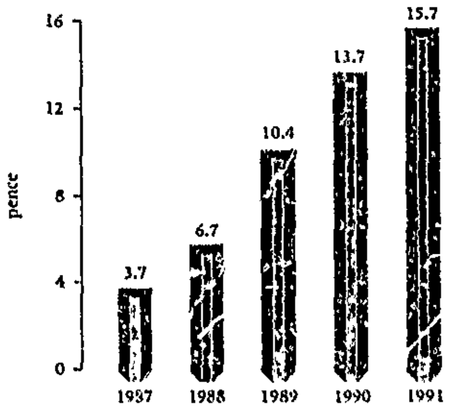
TURNOVER



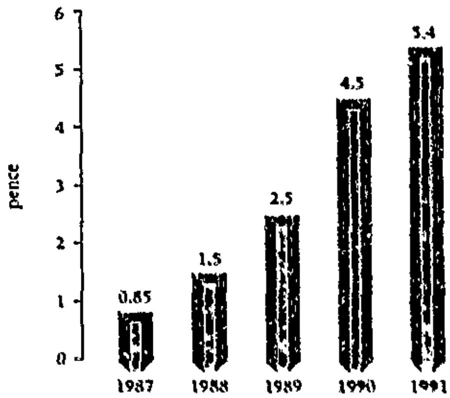
PROFIT BEFORE TAX

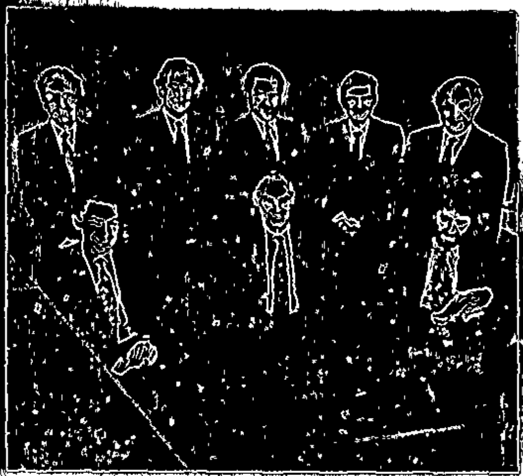


EARNINGS PER SHARE



DIVIDENDS PER SHARE





D. Fowler CBE J. Jasper R. Aldridge C. Ward Sir A. Wilson P. Pindar J. Brameld R. Benson

Rod Aldridge (Chairman & Chief Executive) is responsible for the Group's strategy and development. Having spent 10 years in local government working for two county councils and two district councils, he joined CIPFA in 1974 and was ultimately Under Secretary for Technical Services. In 1984, he was responsible for the establishment of Cipfa Computer Services (CCS), and became its first managing director. CCS subsequently became Capita following a management buyout in 1987.

Paul Pindar (Managing Director) joined the Group as Finance Director in November 1987 from 3i where he had been an investment controller. He was adviser to Capita on the management buy out. He qualified as a Chartered Accountant with Coopers & Lybrand in 1984 and is also an associate member of the Institute of Taxation. He was appointed Group Managing Director in January 1991.

Derek Fowler CBE (Non executive Deputy Chairman) joined the Group in August 1989 as a Non executive Director and was appointed Deputy Chairman in January 1991, following his retirement as Deputy Chairman of British Rail. He remains Chairman of the British Rail Pension Fund Company Limited, and is also Chairman of the Beazer Group Pension Scheme. He is a Certified Chartered Accountant and received a CBE in 1979.

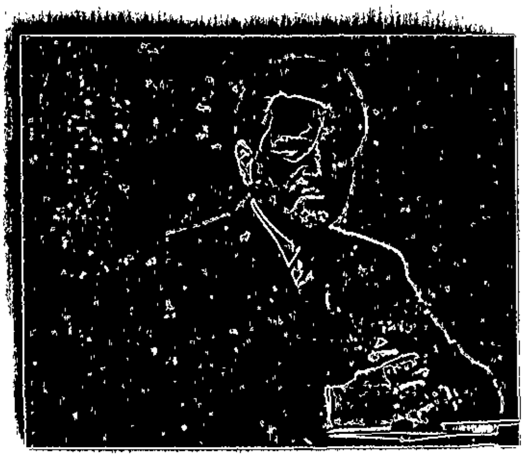
Richard Benson (Group Director, Managed Services) joined Capita in April 1984 (when it was still CCS) from the London Transport Executive, where he qualified as a member of the Institute of Cost and Management Accountants. He was appointed Sales Director in 1985 and was part of the management buy out team. He continues to have responsibility for Group wide sales.

John Brameld (Group Director, Building & Property Services) was appointed to the board in May 1990 upon the acquisition of J.E. Greatorex & Partners. He has been with Greatorex since 1965. He is Chairman of both J.E. Greatorex and Premises Aftercare Limited, and is a Member of the Association of Consulting Engineers and a Fellow of the Chartered Institute of Building Services Engineers.

John Jasper (Group Director, Computer Services) joined the Group in September 1988 and is Managing Director of Telecom Capita. He was previously Deputy Chief Executive of Warwickshire County Council and Chief Executive of Warwickshire Computing, a joint venture between Warwickshire County Council and IMI. He is a fellow of the British Computer Society and has held a number of appointments with representative computer industry bodies.

Clive Ward (Group Director, Corporate Finance) joined Capita in January 1992 when he was also appointed Managing Director of Capita Corporate Finance. He is a Chartered Accountant. Since 1977, he has advised on 25 flotations including Capita's in 1989. He joins from Shandwick where he was Corporate Development Director. Prior to that, he was Corporate Finance Partner at accountants Ernst & Young.

Sir Anthony Wilson (Non-executive) joined the board in April 1989. He is a fellow and former Council Member of the Institute of Chartered Accountants in England & Wales and was a partner in Price Waterhouse for 23 years. He was subsequently Head of The Government Accountancy Service and Accounting Adviser to Her Majesty's Treasury from 1984 to 1988.



Results

For the seventh successive year, Capita Group Plc has produced growth in sales, profits and earnings per share. During the year, turnover rose 23% from £20.1m to £24.7m. Profit before tax rose from £2.512m to £3.448m, an increase of 37%. Earnings per share grew by 15% to 15.7p.

The acquisitions made in earlier years have been fully integrated into the Group. All of 1991's growth was organic.

Dividends

The Directors are recommending a final dividend of 3.6p net per Ordinary share following the 1.8p net interim dividend, making a total for the year of 5.4p net. This represents a 20% increase on the dividends paid in respect of the 1990 financial year. The total net dividend is covered 2.9 times by the earnings per Ordinary share for the year. The final dividend will be payable on 11th May 1992 to Ordinary shareholders on the register at close of business on 27th March 1992.

[illegible]

In July 1991, we obtained a full listing for the Company's shares on The London Stock Exchange. As we anticipated, the move to a full listing has enhanced the marketability of the Company's share capital and has further improved the Group's standing with existing and prospective clients.

The Board's policy is to manage the Group's balance sheet in a prudent manner. The Group has no borrowings. Following our successful share placing in July 1991, our cash balances at 31st December 1991 were £6.7m and our net assets stood at £8.3m.

With the current economic conditions prevailing in the UK, your Board's policy places Capita in a strong competitive position. Our financial strength gives reassurance to customers and this has already been reflected by contract wins secured against weaker competitors. It is our intention to maintain this strategy for the foreseeable future.

Deferred consideration

Under the terms of the acquisition in May 1990 of J E Greatorex & Partners, Capita has a contingent liability to pay deferred consideration to the vendors of Greatorex of up to £4m, depending on Greatorex's financial performance in the period to 31st May 1993. J E Greatorex has performed well since acquisition and its Directors have become an important part of Capita's overall management team. Following our wish to widen the role of certain Directors within J E Greatorex to include broader activities across other parts of the Group, we have announced proposals to buy-out the contingent deferred consideration from the vendors of J E Greatorex for a sum of £288,000. Further information was provided in a circular sent to shareholders on the 24th February.

Following shareholders' approval of this transaction, there will be no liabilities for deferred consideration within the Capita Group.

[illegible]

We have restructured Capita's activities to reduce the number of operating divisions from five to three. This has been done to sharpen the focus of our business and simplify the marketing of our services externally. Our three divisions will be Facilities Management, Consultancy Services and Marketing Services.

Facilities Management Division

Capita's Facilities Management Division has performed well in 1991. Profits for the division were £1.96m, an increase of 248% over 1990.

Telecom Capita, the Group's Computer Services company, has enjoyed a successful year. Our new contracts at both Companies House and Oxfordshire County Council have been implemented to a high quality and are trading ahead of expectations. Indeed, the CCTA, The Government Centre for Information Systems, has selected Companies House as the UK reference site for an imminent OECD report on 'best practice' for Computer Facilities Management in Europe. We are delighted that our commitment to quality has been recognised in this way.

We have recently signed an agreement with IBM in which Telecom Capita will become IBM's chosen provider of Computer Facilities Management to Local Government. In practice, this will offer Telecom Capita IBM's support for major bids and access to its UK wide salesforce. We believe this arrangement will have a positive impact on a number of bids currently in progress.

Our Managed Services businesses have also enjoyed an excellent year. Our contract with the DVLA to sell personalised numberplates has raised in excess of £50m for the Department of Transport over the last 15 months with consequential benefits for the Group.

Our work in assisting local authorities to collect revenue is growing rapidly with 20 contracts now secured. We have extended this service to customers in other markets including Television Licensing and more recently to a major building society.

On 2nd January 1992, we launched a third arm to our Facilities Management division, providing Property Services. This business aims to secure long term maintenance management contracts to ensure that the property services within a client's building meet the required specification. This arm of our business will be chaired by John Brameld, who is also Chairman of J E Greatorex

Consultancy Services Division

Our Consultancy Division returned profits of £1.03m, a decrease of 28% over 1990.

In spite of difficult trading conditions within the UK construction market, J E Greatorex has continued to perform well and has been successful in securing a number of major commissions. These include the £50m redevelopment of Leeds Infirmary which has a fee value of £1.1m and a recent contract win from the Willis Corroon Group for a fee of £750k.

These commissions have contributed to a secure base revenue stream for 1992 and leave J E Greatorex well placed to take full advantage of a future recovery in its market. J E Greatorex's order book currently approaches £ representing 11 months work.

Capita Management Consultancy has encountered a tough trading climate throughout 1991. Many of our competitors have engaged in severe price competition which has had a damaging effect on margins. However, we remain committed to our Consultancy business which has historically generated strong profits for Capita. A considerable amount of capacity has been removed from the market by our competitors in recent months and we are confident that, as the market improves, our business is well structured to prosper.

Notwithstanding the above, Capita Contract Professionals, our executive leasing business, has performed well during the year in achieving its budget.

Our Corporate Finance business has advised on some important transactions in 1991, including the £71m employee buy-out of West Midlands Travel Ltd. Although there have been fewer new business opportunities, Capita Corporate Finance has maintained its market position. This factor, coupled with the appointment of Clive Ward, which I refer to below, leaves the Company well placed to progress in 1992.

Marketing Services Division

Our GB-based Marketing Services companies have performed well in a difficult climate. Profits for the division in 1991 were £461,000, a decrease of 12% over 1990.

In September 1991, we disposed of Causeway Communications, our Belfast-based Marketing Consultancy, for £515,000, as part of our review of activities in Northern Ireland. In our view, the limited opportunities available in the Belfast marketplace did not merit the commitment of management time necessary to develop the business.

There has been a discernible increase in opportunities to bid for new work in early 1992. Our two remaining companies, Penn Communications and Penn PR & Advertising, are well run and should perform satisfactorily during the year.

Board Changes

There are two changes to announce to the structure of our Board.

On 2nd January 1992, Clive Ward was appointed to the Group Board. Mr Ward will be involved in the strategic development of the Group, particularly focusing on new initiatives, including acquisitions. He will also become Managing Director of Capita Corporate Finance Limited with an objective of building the Company to deliver high margin business over the long term. Mr Ward was formerly Corporate Development Director of Shandwick Plc. Prior to this, he was a partner with Ernst & Young for 13 years where he was responsible for creating and growing the firm's highly successful Corporate Finance practice. Over the years, Mr Ward has advised on 25 public flotations and has been involved in negotiations in 19 different countries. We are delighted to have secured his services.

Sir Anthony Wilson, one of our Non-executive Directors, retires by rotation at the Company's AGM in May and has decided not to offer himself for re-election in view of his wish to reduce his work commitments. Accordingly, he will stand down from the Board at this point although he will from time to time perform specific functions for the Group. Sir Anthony has been a Non-executive Director of Capita for the three years since our public flotation and has been a source of invaluable help and guidance during this time. My Board and I would like to offer our sincere thanks for the contribution Sir Anthony has made to the progress of our Group.

Employees

The success of the Capita Group could not have been achieved without the dedication and professionalism of its employees. I would like to offer my sincere thanks to them for our progress in 1991. It has been a tough year with the economic environment leading our competitors to take short term actions which are damaging to our market. Our employees have responded superbly to the challenges and our excellent results for the year are a testimony to their skill and enthusiasm.

Prospects

We have many strengths within the Capita Group including a strong market niche in public sector professional services, an increasing portfolio of long term contracts, an ability to develop innovative services in advance of the competition and a particularly strong financial position.

There are early signs that the difficult market conditions that have prevailed in both the Consultancy and Marketing Divisions during 1991 are starting to ease. We are currently focused upon some exciting opportunities. If these come to fruition, they will provide the fuel for further strong growth. The year has started encouragingly and this augers well for our results for 1992.

R M Aldridge
Chairman & Chief Executive
25th March 1992

DIRECTORS AND ADVISERS

DIRECTORS

R.M.Aldridge, IPFA
(Chairman & Chief Executive)

P.R.M.Pindar, ACA ATII
(Managing Director)

D. Fowler CBE, FCCA
(Non-executive Deputy Chairman)

R.M.Benton, ACMA
(Group Director, Managed Services)

J.V.Brameld, C.Eng., FCIBSE, MInstR, FHospE, MBIM, MConsE
(Group Director, Building & Property Services)

J.A.Jasper, FBCS
(Group Director, Computer Services)

C.R.Ward, FCA
(Group Director, Corporate Finance)

Sir Anthony Wilson, FCA
(Non-executive)

SECRETARY

G.M.Hurst ACA

REGISTERED OFFICE

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London SW1H 9EJ
Telephone 071 799 1525
Facsimile: 071 799 1526

FINANCIAL ADVISERS

Hill Samuel Bank Limited
100 Wood Street
London EC2P 2AJ

BROKERS

Credit Lyonnais Laing
Broadwalk House
5 Appold Street
London EC2A 2DA

AUDITORS

Ernst & Young
Chartered Accountants
Becket House
1 Lambeth Palace Road
London SE1 7EU

SOLICITORS

Cameron Markby Hewitt
Sceptre Court
40 Tower Hill
London EC3N 4BB

BANKERS

Barclays Bank PLC
112A New Bond Street
London W1A 4AT

The Directors present their report and the audited group accounts for the year ended 31st December, 1991.

GROUP ACTIVITIES

The principal activities of the group comprise facilities management services; consultancy services including management consultancy, building services consultancy and corporate finance services; and marketing services.

A review of the development of the group and its business activities during the year is contained in the Chairman's statement on page 3.

PROFITS AND DIVIDENDS

The Group profit on ordinary activities before taxation amounted to £3,448,000 (1990 £2,512,000), and the profit transferred to reserves after extraordinary items is £1,576,000 (1990 £930,000). The directors recommend a final dividend of 3.6p per share (1990 3.0p) to be paid on 11th May 1992 to ordinary shareholders on the register on 27th March 1992.

DIRECTORS

The present directors of the company are listed on the page 6. Mr D Fowler and Sir A Wilson retire by rotation and, being eligible, Mr D Fowler offers himself for re-election. On 2nd January 1992 Mr C Ward was appointed to the board and offers himself for re-election at the forthcoming Annual General Meeting. None of the directors had a material interest in any contract with the company or its subsidiary undertakings and no directors have a service contract exceeding one year.

DIRECTORS' INTERESTS

The interests of the directors who served during the year in the ordinary shares of the company were as follows:

	31st December 1991		31st December 1990 or subsequent date of appointment	
	Ordinary Shares of 2p	Share Options	Ordinary Shares of 2p	Share Options
R.M.Aldridge	1,049,150	50,000	1,199,150	
R.M.Benton	420,850	33,000	502,500	20,850
P.R.M.Pindar	350,000	50,000	523,300	
D.Fowler CBE	1,750			
Sir Anthony Wilson	15,073		12,920	
J.A.Jasper	28,500	163,000	30,000	130,000
J.V.Brameld	157,511	33,000	157,511	

The interests shown above include non beneficial holdings of ordinary shares in respect of Mr Pindar 50,000 and Mr Benton 102,500. Since the year end Mr Jasper exercised 30,000 options.

SUBSTANTIAL SHAREHOLDINGS

On 27th March 1992 the company had notifications that other than directors listed above, the following were interested in 3% or more of the company's ordinary share capital

	No. of shares	Percentage
Edinburgh Fund Managers Plc	1,39[illegible],000	9.4%
NatWest Alliance Nominees Ltd	1,183,000	[illegible].9%
Bank of Scotland London Nominees Ltd	1,039,000	7.0%
TSB Group Plc	940,000	6.3%
National Westminster Bank Plc	827,000	5.5%
3i Group Plc	790,000	5.3%
WGTC Nominees Ltd	700,000	4.7%
TR Technology Plc	555,000	3.7%
Morgan Grenfell Group Plc	545,000	3.7%
Norwich Union Fund Managers	535,000	3.6%

FIXED ASSETS

Changes in fixed assets are given in note 11 to the accounts.

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 retained for other positions in the Company.

EMPLOYEE INVOLVEMENT

The Company is committed to involving all employees in the performance and development of the Group. Employees are distributed with "Profile" the Group's newsletter, frequent internal notices, board statements, and a review of the Group's financial position half yearly. The Group 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 Group.

COMPANY STATUS

As at 31st December,1991 the directors were advised that the company was not a close company within the meaning of the Income and Corporation Taxes Act 1988.

AUDITORS

A resolution to reappoint Ernst & Young as auditors will be put to the members at the Annual General Meeting.

By order of the Board
G M Hurst
Company Secretary
25th March 1992

REPORT OF THE AUDITORS

To the members of The Capita Group Plc

We have audited the accounts on pages 10 to 21 in accordance with Auditing Standards.

In our opinion the accounts give a true and fair view of the state of affairs of the company and of the group at 31st December, 1991 and of the profit and cash flows of the group for year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young
Chartered Accountants
Registered Auditor
London
25th March, 1992

GROUP PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER, 1991

	Notes	1991 £ 000's	1990 £ 000's
TURNOVER	2	24,712	20,072
Cost of sales		15,529	12,512
Gross profit		9,183	7,560
Administrative expenses		6,134	5,314
OPERATING PROFIT	3	3,049	2,246
Interest receivable		408	280
Interest payable	5	(9)	(14)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		3,448	2,512
Tax on profit on ordinary activities	6	1,136	912
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		2,310	1,600
Minority interests		179	98
PROFIT BEFORE EXTRAORDINARY ITEMS		2,131	1,502
Extraordinary items after taxation	7	15	-
PROFIT ATTRIBUTABLE TO THE MEMBERS OF THE PARENT COMPANY		2,146	1,502
Dividends	9	770	572
RETAINED PROFIT FOR THE FINANCIAL YEAR		1,376	930
Earnings per share	10	15.71p	13.70p

Movements on reserves are shown in note 19

BALANCE SHEETS AT 31ST DECEMBER, 1991

		Group		Company	
		1991	1990	1991	1990
	Notes	£ 000's	£ 000's	£ 000's	£ 000's
FIXED ASSETS					
Tangible assets	*11*	1,649	1,625	380	432
Investments	*12*	-	-	7,823	7,972
		1,649	1,625	8,203	8,404
CURRENT ASSETS					
Trade investments		393	59	393	59
Debtors	*13*	6,182	5,199	3,241	2,425
Cash at bank and in hand		6,745	3,048	6,116	2,741
		13,320	8,306	9,750	5,225
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	*14*	6,613	7,224	4,450	4,085
NET CURRENT ASSETS		6,707	1,082	5,300	1,140
TOTAL ASSETS LESS CURRENT LIABILITIES		8,356	2,707	13,503	9,544
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	*15*	-	22	-	4
PROVISIONS FOR LIABILITIES AND CHARGES	*16*	33	50	-	1
		8,323	2,635	13,503	9,539
CAPITAL AND RESERVES					
Called up share capital	*17*	299	254	299	254
Share premium account	*19*	6,389	2,301	6,389	2,301
Merger reserve	*19*	-	-	5,513	5,513
Goodwill write off reserve	*19*	(1,926)	(1,926)	-	-
Profit and loss account	*19*	3,330	1,954	1,302	1,471
		8,092	2,583	13,503	9,539
Minority interests		231	52	-	
		8,323	2,635	13,503	9,539

R.M. Aldridge

P.R.M. Pindar

25th March, 1992

GROUP CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER 1991

		1991		1990	
	Notes	£000's	£000's	£000's	£000's
NET CASH INFLOW FROM OPERATING ACTIVITIES	21		1,496		3,692
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE					
Dividends paid		(615)		[illegible]	
Interest received		408		26[illegible]	
Interest element of finance lease payments		(6)		(2)	
Interest paid		(3)		(12)	
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			(216)		(74)
TAXATION PAID			(1,065)		(550)
INVESTING ACTIVITIES					
Purchase of tangible fixed assets		(841)		(987)	
Purchase of trade investments		(334)		(28)	
Sale of subsidiary undertakings		540		-	
Purchase of subsidiary undertakings		-		(55)	
Sale of fixed assets		6		42	
Purchase of minority interest		-		(1,306)	
NET CASH OUTFLOW FROM INVESTING ACTIVITIES			(629)		(2,334)
NET CASH (OUTFLOW)/ INFLOW BEFORE FINANCING			(414)		734
FINANCING					
Capital element of finance lease rentals	23	(22)		(18)	
Issue of ordinary share capital	23	4,418		1,285	
Share issue costs	23	(285)		(149)	
NET CASH INFLOW FROM FINANCING			4,111		1,118
INCREASE IN CASH AND CASH EQUIVALENTS	22		3,697		1,852

(1) ACCOUNTING POLICIES

(a) Basis of preparation

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards.

(b) Basis of consolidation

The group accounts consolidate the accounts of the company and each of its subsidiary undertakings. Subsidiary undertakings are accounted for from the effective date of acquisition until the effective date of disposal. Inter-company sales are eliminated on consolidation so that the group accounts relate to external transactions only.

A separate profit and loss account dealing with the results of the parent company only has not been presented as provided by section 230 of the Companies Act 1985.

(c) Goodwill

Purchased goodwill and goodwill arising on consolidation are written off against reserves in the year of acquisition.

(d) Turnover

Turnover represents fees invoiced in respect of services provided during the year (stated net of value added tax), 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 was earned entirely within the United Kingdom.

(e) Amounts recoverable on contracts

Amounts recoverable on contracts are stated at cost, plus attributable profits and less provision for estimated future losses on long term contracts. Cost includes direct staff costs and outlays. Attributable profits on long term contracts are recognised on the percentage of comple-tion method based on the proportion of costs incurred to the total estimated costs. Fees rendered on account are deducted from amounts recoverable on contracts and to the extent that they exceed the value of work done are included in creditors as payments on account.

(f) Depreciation

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost on a straight line basis over the expected useful lives of the assets concerned as follows

Computer equipment	3-5 years
Office fixtures, fittings and equipment	4 years
Furniture	5 years
Leasehold improvements	over the period of the lease
Motor vehicles	4 years

(g) Investments

Fixed asset investments are shown at cost less amounts written off for any permanent diminution in value.

Investments held as current assets are stated at the lower of cost and net realisable value.

(h) Pension scheme

The company maintains a contracted-out money purchase pension scheme and contributions are charged to the profit and loss account in the year in which they are due.

(i) Leasing and hire purchase commitments

Assets obtained under finance lease [illegible] purchase commitments are capitalised [illegible] balance sheet and depreciated over the sh[illegible] the lease term and its useful economic life.

The finance charges under finance leases and hire purchase contracts are allocated to accounting periods over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding. Rentals due under operating leases are charged on a straight line basis over the lease term.

(j) Deferred taxation

Deferred taxation is provided on timing differences where reasonable probability exists that such taxation will crystallise in the foreseeable future using the liability method.

[illegible] TURNOVER AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

		Class of business			
		Facilities Management £ 000's	Consultancy Services £ 000's	Marketing Services £ 000's	Total £ 000's
TURNOVER					
1991	Total sales	11,261	9,215	4,416	24,892
	Inter-segment sales	(25)	(60)	(95)	(180)
	Third party sales	11,236	9,155	4,321	24,712
1990	Total sales	5,858	9,629	4,751	20,238
	Inter-segment sales	(30)	(40)	(96)	(166)
	Third party sales	5,828	9,589	4,655	20,072
PROFIT BEFORE TAXATION					
1991	Segment profit	1,959	1,028	461	3,448
1990	Segment profit	562	1,424	526	2,512
NET ASSETS					
1991	Segment net operating assets	2,185	3,020	310	5,515
	Non operating assets				2,808
	Net assets				8,323
1990	Segment net operating assets	958	2,401	263	3,622
	Non operating liabilities				(987)
	Net assets				2,635

(3) OPERATING PROFIT

(a) This is stated after charging.

		1991	1990
		£ 000's	£ 000's
Staff costs (see note 4)		8,457	6,471
Directors' remuneration (see below)		517	485
Auditors' remuneration		33	30
Operating lease costs	- plant and machinery	2,643	624
	- land and buildings	1,211	597
Depreciation		596	434

(b) Directors remuneration

	1991	1990
	£ 000's	£ 000's
Fees	22	16
Other emoluments (including pension contributions)	495	469
	517	485

The emoluments of the chairman, who was also the highest paid director in the year excluding pension contributions were £106,000 (1990 £68,750). The emoluments of the highest paid director in 1990, excluding pension contributions, were £73,800.

Other directors' emoluments, excluding pension contributions, fell within the following ranges:

	1991	1990
	No.	No.
£5,001 - £10,000	1	2
£10,001 - £15,000	1	-
£30,001 - £35,000	-	1
£55,001 - £60,000	1	3
£60,001 - £65,000		1
£80,001 - £85,000	1	
£90,001 - £95,000	1	
£100,001 - £105,000	1	
	6	[illegible]

(4) STAFF COSTS

	1991	1990
	£ 000's	£ 000's
Wages and salaries	7,621	5,825
Social security costs	649	508
Other pension costs	187	138
	8,457	6,471

The average weekly number of employees during the year were made up as follows:

	1991	1990
	No.	No.
Consultants	188	192
Sales and administration	112	83
Computer operations	62	6
	362	281

(5) INTEREST PAYABLE

	1991	1990
	£ 000's	£ 000's
Bank loans and overdrafts		
-payable within 5 years	3	12
Finance leases	6	2
	9	14

(6) TAX ON PROFIT ON ORDINARY ACTIVITIES

	1991	1990
	£ 000's	£ 000's
The charge for the year is made up as follows:		
Corporation tax at 33.25% (1990 35%)	1,168	925
Adjustment to prior years	(21)	(5)
Deferred tax	(9)	(8)
	1,138	912

(7) EXTRAORDINARY ITEMS

	1991	1990
	£ 000's	£ 000's
Profit on disposal of		
subsidiary undertakings	43	-
Taxation thereon	(28)	-
	15	-

The subsidiary undertakings disposed of during the year were Capita Management Consultants Limited and Causeway Communications Limited. The goodwill on the acquisition of the companies amounting to £95,000 was written off to the Goodwill Write off Reserve on acquisition. The profit after taxation includes a trading loss of £14,000 in respect of the subsidiary undertakings disposed of. The subsidiary undertakings disposed of contributed £560,000 to group turnover in 1991 (1990 - £1,451,000).

(8) PROFIT ATTRIBUTABLE TO THE MEMBERS OF THE PARENT COMPANY

The profit after taxation dealt with in the accounts of the parent company was £842,000 (1990 £1,885,000).

(9) DIVIDENDS

			1991	1990
			£ 000's	£ 000's
Ordinary shares	-Interim	- paid	233	191
	-Final	- proposed	537	381
			770	572

(10) EARNINGS PER SHARE

Earnings per share is calculated on the basis of earnings of £2,131,000 (1990 £1,502,000) and on the weighted average of 13,568,725 (1990 10,960,796) shares in issue during the year

[illegible]

(a) Group	Computer Equipment £ 000's	Fixtures Fittings & Equipment £ 000's	Furniture £ 000's	Leasehold Improvements £ 000's	Motor Vehicles £ 000's	Total £ 000's
Cost						
1st January 1991	993	495	179	285	233	2,485
Additions	480	61	25	152	123	841
Disposals	(78)	(41)	(138)	(16)	(34)	(307)
31st December 1991	1,395	515	366	421	322	3,019
Depreciation						
1st January 1991	295	286	146	42	91	860
Charge for year	336	93	86	36	65	616
Disposals	(32)	(19)	(33)	(5)	(17)	(106)
31st December 1991	599	360	199	73	139	1,370
Net Book Value at						
1st January 1991	698	209	333	243	142	1,625
31st December 1991	796	155	167	348	183	1,649
Leased assets included in the above: Net Book Value at						
1st January 1991	10	2	25	5	-	42
31st December 1991	-	-	5	-	-	5

The total depreciation charged in the year with respect to assets held under finance leases amounted to £14,000 (1990 £24,000).

(b) Company	Computer Equipment £ 000's	Fixtures Fittings & Equipment £ 000's	Furniture £ 000's	Leasehold Improvements £ 000's	Motor Vehicles £ 000's	Total £ 000's
Cost						
1st January 1991	209	134	219	70	120	752
Intra group transfer	(1)	(13)	-	-	-	(14)
Additions	19	18	20	40	68	165
Disposals	(14)	(2)	(20)	-	(17)	(53)
31st December 1991	213	137	219	110	171	850
Depreciation						
1st January 1991	98	63	93	24	42	320
Intra group transfer	-	-	-	-	-	-
Charge for year	57	25	50	11	38	181
Disposals	(5)	(1)	(8)	-	(17)	(31)
31st December 1991	150	87	135	35	63	470
Net Book Value at						
1st January 1991	111	71	126	46	78	432
31st December 1991	63	50	84	75	108	380
Leased assets included in the above Net Book Value at						
1st January, 1991	-	-	14		-	14
31st December 1991	-	-	5	-		5

The total depreciation charged in the year with respect to assets held under finance leases amounted to £9,000 (1990 £14,000).

([illegible]) FIXED ASSET INVESTMENTS

Company	Shares in Subsidiary Undertakings £,000's
At 1st January 1991	7,972
Additions	10
Transfer to trade investments	(10)
Disposals	(149)
At 31st December 1991	7,823

During the year the company disposed of its holding in Causeway Communications Limited and 80.1% of its holding in Capita Management Consultants Limited. The remaining 19.9% of the ordinary shares held together with 100% of the preference shares held have been classified under trade investments. The company also took up all the ordinary shares issued by Penn PR & Advertising Limited.

Details relating to subsidiary undertakings disposed during the year are shown in Note 24.

PRINCIPAL GROUP INVESTMENTS	Country of Registration and Operation	Description of shares held	Proportion of nominal value of issued shares held by the company
FACILITIES MANAGEMENT			
Telecom Capita Limited	England	Ordinary £1 shares	99%
Capita Management Limited	England	Ordinary £1 shares	50%
Capita Managed Services Limited	England	Ordinary £1 shares	100%
Premises Aftercare Limited*	England	Ordinary £1 shares	100%
CONSULTANCY SERVICES			
Capita Management Consultancy Limited	England	Ordinary £1 shares	100%
Capita Systems Limited	England	Ordinary £1 shares	100%
Capita Contract Professionals Limited	England	Ordinary £1shares	100%
Capita Corporate Finance Limited	England	Ordinary £1shares	100%
J E. Greatorex Limited	England	Ordinary £1shares	100%
Capita Training Limited	England	Ordinary £1shares	100%
RIPA International Limited*	England	Ordinary £1 shares	100%
MARKETING SERVICES			
Penn Communications Limited	England	Ordinary £1 shares	100%
Penn PR & Advertising Limited	England	Ordinary £1 shares	100%

The activities of group undertakings are given on page 29

*These companies were formed in 1992

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 1991

(13) DEBTORS

	Group		Company	
	1991	1990	1991	1990
	£ 000's	£ 000's	£ 000's	£ 000's
Trade debtors	4,698	3,782	1,100	1,218
Amounts recoverable on contracts	385	386	-	-
Amounts owed by subsidiary undertakings	-	-	1,624	919
Other debtors	113	113	112	107
ACT recoverable	179	126	179	126
Prepayments and accrued income	807	783	226	55
Grants receivable	-	9	-	-
	6,182	5,199	3,241	2,425

The Advance Corporation Tax recoverable falls due after one year.

(14) CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	1991	1990	1991	1990
	£ 000's	£ 000's	£ 000's	£ 000's
Trade creditors	1,799	1,899	715	470
Amount owed to subsidiary undertakings	-	-	1,621	1,836
Contract payments on account	148	264	-	-
Other creditors	284	195	99	77
Current corporation tax	1,271	1,099	595	612
Other taxes and social security	1,309	1,053	542	474
Pension contributions outstanding	66	26	66	26
Obligations under finance leases	4	18	4	9
Accruals and deferred income	1,195	2,288	271	1[illegible]9
Proposed dividend	537	382	537	382
	6,613	7,224	4,450	4,085

(15) CREDITORS AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	1991	1990	1991	1990
	£ 000's	£ 000's	£ 000's	£ 000's
Obligations under finance leases				
Due between 1 and 2 years		22	-	4

(16) PROVISIONS FOR LIABILITIES AND CHARGES

	Group		Company	
	1991	1990	1991	1990
	£ 000's	£ 000's	£ 000's	£ 000's
Deferred Taxation:				
Balance at 1st January	51	59	2	22
Disposals of subsidiary undertakings	(9)	-		-
Transfer to current tax	(9)	(8)	(2)	(20)
Advance corporation tax	-	(1)	-	(1)
Balance at 31st December	33	50	-	1
This balance comprises:				
Fixed asset timing differences	33	51	-	2
Less ACT	-	(1)	-	(1)
	33	50	-	1
Unprovided deferred tax comprises:				
Fixed asset timing differences	33	16	11	16

(17) SHARE CAPITAL

	1991		1990	
	No.	£ 000's	No.	£ 000's
Authorised Ordinary shares of 2p each	20,600,000	412	16,400,000	328
Allotted and fully paid Ordinary shares of 2p each	14,927,045	299	12,718,760	254

Changes in Allotted, Called Up and Fully Paid Share Capital in the year

(i) On 21st August, 1991 the company issued and allotted 2,132,435 ordinary shares credited as fully paid, in order to strengthen the Group's capital base to accommodate fluctuations in working capital requirements. The consideration received in respect of shares issued was £4,414,000 (aggregate nominal value £43,000).

(ii) During the year 75,850 ordinary shares (nominal value £1,517) were allotted under share option schemes for a consideration of £3,182.

Contingent Rights for the Allotment of Shares

At 31st December, 1991 the following options to subscribe for ordinary shares at 2 pence each in the company were outstanding:

Number of shares under option	Option price		Period during which options may be exercised
105,000	£0.128	between	24th January, 1992 and 24th January, 1999
10,000	£0.75	between	11th April, 1992 and 11th April, 1999
10,000	£1.665	between	17th July, 1992 and 17th July, 1999
10,000	£1.73	between	13th October, 1992 and 13th October, 1999
135,000	£1.42	between	6th November, 1992 and 6th November, 1999
134,000	£1.66	between	27th March, 1993 and 27th March, 2000
57,000	£1.67	between	10th September, 1993 and 10th September, 2000
236,000	£1.62	between	25th February, 1994 and 25th February, 2001
10,000	£2.14	between	24th July, 1994 and 24th July, 2001

(18) PENSION COMMITMENTS

The company operates two defined contribution pension schemes and the assets of the schemes are held separately from those of the company in independently invested funds.

(19) RESERVES

Group	Share Premium £ 000's	Goodwill Write off Reserve £ 000's	Merger Reserve £ 000's	Profit and Loss Account £ 000's
At 1st January, 1991	2,301	(1,926)	-	1,954
Shares issued	4,373	-	-	-
Costs of share issues	(285)	-	-	-
Retained profit for the year	-	-	-	1,376
At 31st December, 1991	6,389	(1,926)	-	3,330
Company				
At 1st January, 1991	2,301	-	5,513	1,471
Shares issued	4,373	-	-	-
Costs of share issues	(285)	-	-	-
Retained profit for the year	-	-	-	(169)
At 31st December, 1991	6,389	-	5,513	1,302

The cumulative amount of goodwill written off at 31st December 1991, net of goodwill relating to undertakings disposed of, is £7,304,000 (1990 £7,399,000).

(20) FINANCIAL COMMITMENTS

(a) Annual commitments under operating leases were as follows:

	1991		1990	
	Property £ 000's	Other £ 000's	Property £ 000's	Other £ 000's
Operating leases which expire:				
Within one year	-	1,356	-	32
In second to fifth year inclusive	274	295	327	604
Over five years from the balance sheet date	912	-	468	-
	1,186	1,651	795	636

(b) The company has guaranteed overdraft facilities of group undertakings amounting to £750,000

(c) At 31st December, 1991 there were no material capital commitments contracted for or authorised (1990 nil).

(d) As disclosed in the Chairman's statement, proposals have been announced to buy-out the contingent deferred consideration from the vendors of J E Greatorex for a sum of £288,000. The Group will then have no liabilities for deferred consideration.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 1991

(21) RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	1991 £ 000's	1990 £ 000's
Operating profit before interest	3,049	2,246
Depreciation charges	596	434
Loss/(Profit) on sale of fixed assets	9	(21)
Increase in debtors	(1,088)	(785)
(Decrease)/Increase in creditors	(1,070)	1,818
	1,496	3,692

(22) ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS AS SHOWN IN THE BALANCE SHEET

	1991 £ 000's	1990 £ 000's	Change in year £ 000's
Cash at bank and in hand	6,745	3,048	3,697

(23) ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR

	Share capital (including premium) £ 000's	Loans and finance leases £ 000's
Balance at 1st January 1991	2,555	22
Cash flows from financing	4,133	(22)
Balance at 31st December 1991	6,688	-

(24) ANALYSIS OF THE DISPOSALS OF SUBSIDIARY UNDERTAKINGS

	£ 000's		£ 000's
Consideration		Net Assets Disposed	
Cash received	540	Tangible fixed assets	207
		Working capital and provisions	318
		Profit on disposals	15
	540		540

FIVE YEAR SUMMARY
FOR THE YEARS ENDED 31ST DECEMBER

	1991	1990	1989	1988	1987
	£ 000's	£ 000's	£ 000's	£ 000's	£ 000's
GROUP BALANCE SHEET					
Fixed assets	1,649	1,625	982	350	111
Current assets	13,320	8,306	4,907	1,605	693
	14,969	9,931	5,889	1,955	804
Creditors	(6,646)	(7,296)	(3,883)	(1,644)	(782)
	8,323	2,635	2,006	311	22
Capital and reserves	8,092	2,583	1,775	310	22
Minority interests	231	52	231	1	-
	8,323	2,635	2,006	311	22
GROUP PROFIT AND LOSS ACCOUNT					
Turnover	24,712	20,072	8,707	4,301	1,936
Operating profit	3,049	2,246	1,427	[illegible]	428
Interest	399	266	91	(30)	(24)
Profit before taxation	3,448	2,512	1,518	746	404
Taxation	(1,138)	(91[illegible])	(548)	(287)	(152)
Minority interests	(179)	(98)	(137)	-	-
Extraordinary items	15	-	-	-	(87)
Dividends	(770)	(572)	(239)	(127)	(67)
Retained profit	1,376	930	594	332	98
Earnings per ordinary share	15.71p	13.70p	10.39p	6.65p	[illegible]
Dividends per ordinary share	5.4p	4.5p	2.5p	1.5p	0.85p

Notice is hereby given that the 1992 Annual General Meeting of The Capita Group Plc will be held at Hill Samuel Bank Limited, 100 Wood Street, London EC2 on 8th May 1992 at 10.00am for the transaction of the following business:

Ordinary Business

1. To receive the Director's Report and Statement of Accounts for the year ended 31st December 1991.

2. To declare a final dividend of 3.6 pence per ordinary share of the Company.

3. To re-elect a Director who retires in accordance with the Company's Articles of Association - D Fowler CBE.

4. To re-elect a Director - C Ward.

5. To re-appoint Ernst & Young as Auditors and to authorise the Directors to fix their remuneration.

To transact any other ordinary or routine business of the Company.

Special Business

To consider and, if thought fit, to pass the following Resolutions, the first to be proposed as an Ordinary Resolution and the second as a Special Resolution:

6. That, in substitution for their existing powers to allot relevant securities (as defined below), the Directors be and they are hereby generally and unconditionally authorised, pursuant to Section 80 (1) of the Companies Act 1985 ("the Act"), to exercise all the powers of the Company to allot relevant securities within the meaning of Section 80 (2) of the Act up to an aggregate nominal amount of £113,000 provided that this authority shall expire at the conclusion of the next Annual General Meeting of the Company after the passing of this Resolution save that the Company may, before such expiry, make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of any such offer or agreement as if the authority conferred hereby had not expired

7. That, subject to and conditionally on the passing of Resolution 6 above, the Directors be and are hereby empowered pursuant to Section 95 of the Companies Act 1985 ("the Act"), and in substitution for their existing powers to allot equity securities (as defined below), to allot equity securities (within the meaning of Section 94 (1) of the Act), pursuant to the authority conferred by Resolution 6 as if sub section 89 (1) of the Act did not apply to any such allotment, provided that this power shall be limited:

(i) To the allotment of equity securities in connection with a rights issue in favour of holders of equity securities where the equity securities respectively attributable to the interests of all such holders are proportionate (or as nearly as may be) to the respective number of equity securities held by them but subject to such exclusions or other arrangements as the Directors may deem necessary, or expedient in relation to fractional entitlements, or legal or practical problems arising under the laws of, or the requirements of any regulatory body or any stock exchange in, any territory;

(ii) To the allotment of equity securities pursuant to the terms of any employee share option scheme approved by the members in general meeting, and in addition

(iii) To the allotment (otherwise than pursuant to sub paragraphs (i) and (ii)) of equity securities up to an aggregate nominal value of £14,950

and shall expire at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution or 15 months after the passing of this resolution, whichever is the earlier save that the Company may, before such expiry, make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of any offer or agreement as if the power conferred hereby had not expired.

Registered Office	By order of the Board
Park Gate	
21 Tothill Street	G M Hurst
London SW1H 9LL	Secretary

Dated 14th April, 1992

Notes to the Notice of Annual General Meeting

(1) The Stock Exchange no longer requires the consent of shareholders of the Company to each specific issue by the Company of equity capital for cash made otherwise than to existing shareholders on a proportional basis. This relaxation of The Stock Exchange requirements is, however, subject to the Company obtaining the authority of the shareholders under Section 95 of the Companies Act 1985 to disapply generally the provisions of Section 89 of that Act. The Resolution numbered 7 is for that purpose. It authorises the Directors to allot shares by way of rights otherwise than strictly pro rata when the Directors consider that it is expedient to do so, authorises the Directors to implement the executive share option scheme of the Company and allows them to issue for cash up to 747,500 shares other than on a pre-emptive basis (representing approximately 5% of the existing issued share capital).

(2) Copies of all of the following documents will be available for inspection at the registered office of the Company during usual business hours (Saturdays excepted) until 8th May, 1992 and will also be available 15 minutes prior to and during the Annual General Meeting:

(i) Copies of all contracts of service whereunder Directors of the Company are employed by the Company or any subsidary.

(ii) Memorandum and Articles of Association of the Company

(iii) Copies of the audited consolidated accounts of the Company and its subsidaries for the last two financial years

(3) Any member of the Company entitled to attend and vote at this meeting may appoint one or more proxies to attend and vote on his or her behalf. A proxy need not be a member of the Company.

(4) A form of proxy is enclosed for use by shareholders and if appropriate, must be deposited at the Company's registrars, (Barclays Bank PLC, Registration and New Issue Department, Octagon House, Gadbrook Park, Northwich, Cheshire CW9 7RD) not less than 48 hours before the time of the meeting. Appointment of a proxy will not preclude a shareholder from attending the meeting and voting in person.

NOTICE OF ILLEGIBLE DOCUMENT

ON THE MICROFICE RECORD

Companies House regrets that the microfiche record for this company contain some documents which are illegible.

The poor quality has been noted, but unfortunately steps taken to improve them were unsuccessful.

Companies House would like to apologise for any inconvenience this may cause.