CAPITA

27 February 2014

Full year results for the year ended 31 December 2013

Strong sales, operational and financial performance

Financial highlights	Underlying**	Underlying** Year on year change	Reported
Revenue	**£3,851m***	**+15%**	**£ 3,896m**
Operating profit	**£516.9m***	**+11%**	**£ 312.4m**
Profit before tax	**£475.0m***	**+14%**	**£ 215.0m**
Earnings per share	**59.4p***	**+14%**	**27.05p**
Total dividend per share	**26.5p**	**+13%**	**26.5p**

**On an ongoing basis, 2013 numbers excluding the partial sale of our Insurance Distribution and planned SIP business closure. Disposal and closure costs, including goodwill, total £146.7m, see note 2 of the preliminary statement. 2012 numbers have not been restated on this basis.*
***Adjusted for new pension standard IAS19(R). Excludes non-underlying items detailed in note 3 administrative expenses, in the notes to the preliminary statement.*

Highlights

Delivering sustainable growth
- £3.3bn contract wins (2012: £4.0bn), 81% new/19% extensions
- Secured largest ever contract win by annual value with Telefónica UK (O2), £1.2bn over 10 years
- Highest ever contract win rate of 2 in 3 (by value)
- Achieved organic growth of 8% (2012: 3%)
- £5.5bn bid pipeline (November 2013: £4.2bn), well diversified across our target markets
- £271m spent on 13 acquisitions broadening our operational capability and market reach
- Swift resolution of 2 underperforming areas within our Insurance & Benefits division

Strong financial performance
- Revenue* growth of 15%
- Underlying operating margin* of 13.4%
- Underlying earnings per share* up 14% to 59.4p
- Total dividend up 13% to 26.5p
- Underlying operating cash conversion rate* of 106% (2012:110%)
- Underlying free cash flow* of £312m (2012: £307m)

Strong start to 2014
- £588m new contract wins to date including:
    - £145m contract with Transport for London to deliver the congestion charging and traffic enforcement schemes
    - £325m framework contract for Scottish Wide Area Network

Paul Pindar, Chief Executive of Capita plc, commented:

“2013 was a year of strong sales, operational and financial performance. We accelerated our organic growth, sustained good cash generation and are reporting record underlying profits for the 25th successive year. This provides a strong platform for further growth in 2014 under the leadership of Andy Parker and the wider team.”

Andy Parker, Deputy Chief Executive of Capita plc commented:

“As a consequence of the sales successes in 2013 and to date in 2014, along with the acquisitions completed over the previous 12 months, we have excellent revenue visibility and the ingredients in place to deliver continued strong growth in 2014. The UK market for customer and business process management remains very encouraging with major opportunities broadly spread across both our private and public sector markets, as evidenced by our current bid pipeline. Together this underpins our confidence in the Group’s long term growth prospects.”

For further information:

Analyst & investor presentation

The Capita executive management team will host an analyst conference call in London at 8.30am UK time today. Please dial into the call in time to allow for registration

Dial-in number: +44 (0)20 3059 8125

Replay: A replay of the conference call will be available for 7 days by dialling +44 (0)121 260 4861 (access code is 9096939#).

Capita plc Shona Nichols, Corporate Communications Director	Tel: 020 7799 1525
Capita press office	Tel: 020 7654 2152 or 020 7654 2399 out of hours
FTI Consulting Andrew Lorenz	Tel: 020 7269 7291

About Capita

Capita plc is the UK's leading provider of customer and business process management (BPM) and integrated professional support service solutions. With 64,000 people at more than 350 sites, including 73 business centres across the UK, Europe, India and South Africa, the Group uses its expertise, infrastructure and scale benefits to transform its clients' services, driving down costs and adding value. Capita is quoted on the London Stock Exchange (CPI.L), and is a constituent of the FTSE 100 with 2013 revenue of £3.9bn. Further information on Capita plc can be found at: www.capita.co.uk

CAPITA

Capita plc full year results for the year ended 31 December 2013

Excellent platform for continued strong growth

Overview

2013 was an excellent year for Capita, the UK's leading provider of customer and business process management (BPM). We secured major sales wins of £3.3bn, comprising 81% new business and 19% contract extensions, demonstrating the strength of both our service offering and the buoyant market for outsourcing in the UK and Ireland. We are seeing particularly high levels of activity in the private sector, across utilities, telecoms and financial services, and also in central government and the justice market.

In the full year 2013, underlying revenue on an ongoing basis, increased by 15% to £3,851m[1] (2012: £3,352m). Underlying operating profit[2] rose by 11% to £516.9m[1] (2012: £466.7m) and underlying profit before taxation[2] increased by 14% to £475m[1] (2012: £417.0m). Underlying earnings per share[2] grew by 14% to 59.4p[1] (2012: 52.1p). We have increased our total dividend for the full year 2013 by 13% to 26.5p per share (2012: 23.5p).

The majority of our divisions traded well in 2013, with particularly good performance across our Customer Management & International, Workplace Services and Professional Services divisions. Our Property & Infrastructure and IT Services divisions are improving their performance with new management in place and market conditions becoming more favourable. Our Insurance & Benefits division has borne higher expenditure than anticipated on legacy IT systems. Additionally, as announced in November 2013, we completed the disposal of some of our Insurance Distribution operations and announced the planned closure of our SIP (Self Invested Pensions) administration business based in Salisbury.

During the year, we added further skills and strengthened our position in key target markets through the acquisition of several small to medium sized businesses. Throughout Capita's history, this acquisition approach has enhanced our major sales propositions and fuelled future organic growth in new and existing sectors. During 2013, we acquired 13 companies for a total cost of £271m[3], in areas including IT and software, debt management, analytics, gamification, change management and learning and development.

Good financial performance

- **Revenue** – In the full year 2013, underlying revenue on an ongoing basis, increased by 15% to £3,851m[1] (2012: £3,352m). This comprised 8% organic growth (net of attrition), 8% from acquisitions, completed in 2012 (3%) and 2013 (5%), and -1% arising from business disposals.

  Operating profit & margin – Underlying operating profit[2] rose by 11% in 2013 to £516.9m[1] (2012: £466.7m). We closely manage operating costs to ensure that the business is growing profitably, leveraging our scale (in particular our extensive shared service infrastructure) and maintaining effective procurement processes and a lean corporate structure. Our valuable client propositions and our ability to be very selective about the opportunities we pursue allow the Group to generate healthy underlying operating margins. We are confident that underlying Group operating margins will be maintained in the range of 12.5% to 13.5% for the foreseeable future.

  In 2013, our operating margin[2] was 13.4%[1] (2012: 13.9%) which is at the upper end of our anticipated range of 12.5% – 13.5%, even though 2013 was a busy year for new contract implementations. The major contract implementations undertaken during the year, including the 2 largest in Capita's history with Staffordshire County Council and Telefónica UK (O2), are progressing well.

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[1]On an ongoing basis, 2013 numbers excluding the partial sale of our Insurance Distribution and planned SIP business closure, see note 2 of the preliminary statement. 2012 numbers have not been restated on this basis.
[2] Adjusted for new pension standard IAS19 (R). Excludes non-underlying items detailed in note 3 administrative expenses, in the notes to the preliminary statement.
[3] As previously announced and excludes investment in Axelos, Entrust and Fire Service College (public sector subsidiary partnerships).

As previously disclosed, in H2 2013, we completed the disposal of some of our Insurance Distribution operations and announced the planned closure of our SIP (Self Invested Pensions) administration business based in Salisbury. This followed a detailed review which concluded that the route to recovery for these businesses would take a long time and we therefore acted swiftly to resolve this. In 2013, these operations generated £45m of Group revenue and made a combined operating loss of £14.4m. The combined non-trading cash cost, net of tax, from the sale and planned closure is £38.5m. The loss on disposal was £82.1m including £62.4m from impairment of goodwill and intangible assets.

- **Cash flow[2]** – In 2013, £546m[1] (2012: £515m) of cash flow was generated by operations representing an operating profit to cash conversion ratio (defined as underlying cash generated from operations divided by underlying operating profit for the year) of 106%[1] (2012: 110%). This reflects the Group's focus on cash generation and the success of the measures introduced across the business in 2012 which are now firmly embedded in our financial and operating reporting structure. We believe that we can achieve an annual cash conversion ratio at or around 100% for the foreseeable future.

  Free cash flow[2] (defined as operating cash flow, less net capital expenditure, interest and taxation for the year) was £312m excluding business disposal and planned closure (2012: £307m), despite the higher capital expenditure on new contract implementations.

- **Dividends** – The Board is recommending a final dividend of 17.8p per ordinary share (2012: 15.6p), making a total of 26.5p for the year (2012: 23.5p) representing an increase for the year of 13%. The final dividend will be payable on 28 May 2014 to shareholders on the register at the close of business on 22 April 2014. Including the proposed final dividend, Capita's total dividend will have grown at a compound annual rate of 13% over the 5 years to 31 December 2013. Dividend cover is 2.2 times for 2013.

- **Capital expenditure** – We aim to contain net capital expenditure at or below 4% of revenue. In 2013, we met this objective, with net capex at 3.7% of annual revenue (2012: 2.9%). The higher level of capex is the consequence of a record level of new contract implementations in the year. There are currently no indications of significant capex requirements in our business forecasts or bid pipeline that would take us over our 4% threshold.

- **Return on capital employed[2]** – We focus on driving a healthy return on capital. During 2013, our post-tax return on average capital employed was 15.5[1]% (2012: 15.8%). This compares to our estimated post-tax WACC which is 7.7%.

  In 2014, subject to shareholder approval at the Annual General Meeting, Board Directors' incentive schemes additionally have ROCE targets, alongside EPS targets, to align further their interests with those of our shareholders.

- **Debt profile** – As at 31 December 2013, we have £1,134m of private placement bond debt of which only £11m matures in 2014 with the remainder gradually maturing to 2021. In addition, we have £200m of bank debt under a 2 year term loan facility maturing in July 2015, offset by £158m of cash held on deposit.

  Our aim continues to be to keep the ratio of net debt to EBITDA in the range of 2 to 2.5 over the long term and we would be unlikely to incur borrowings which would reduce interest cover below 7 times. At 31 December 2013, our annualised net debt to EBITDA ratio[2] was 2.02[1] (2012: 1.91) with annualised interest cover[2] at 12.3[1] times (2012: 9.4 times).

- **Total shareholder returns** – Over the 10 year period to 31 December 2013, Capita has delivered £1.4bn (net of £274m equity raising in April 2012) to shareholders through dividends, share buybacks and a special dividend. Capita's total shareholder return over the same period is 425% compared to 115% for the FTSE 100.

Delivering profitable organic growth

We generate profitable growth by winning business from new and existing customers and through acquiring businesses that enhance our propositions and broaden our capability and market reach.

2013 was a strong year of sales performance and 2014 has started well with 5 contracts worth £588m in aggregate secured to date.

Major contracts – to date in 2014

- **Transport for London (TfL)** – secured a 5 year contract with Transport for London (TfL) to operate and enforce the congestion charging, low emission zone and traffic enforcement notice processing schemes. Capita will take responsibility for the schemes in November 2015, following a period of implementation which commences in 2014. The overall agreement, including the implementation period, is expected to generate revenue of approximately £145m to Capita.

- **Scottish Wide Area Network (SWAN)** – signed a framework contract to deliver the SWAN, a single public services network for the use of all public service organisations within Scotland. The contract value for SWAN is up to £325m over 9 years. More than 4,600 sites will be connected to the initial network including schools, hospitals, GP surgeries, pharmacists and local council offices. Key benefits include reduced costs, improved service and the ability to share data across organisations, fostering co-operative working. This places Capita at the heart of public service delivery in Scotland, providing a platform to offer additional services and build our business here.

3 other major contracts: We signed an interim services agreement with the **Ministry of Justice** to take on responsibility for the frontline delivery of the existing electronic tagging operations prior to implementation of the new electronic monitoring contract. This involves the transfer of around 1,000 employees to Capita under TUPE regulations in February and March 2014. We also secured a new contract with **Genesis Housing Association** and an extension to our **Metropolitan Police** radio managed services contract.

Major contracts – 2013

The 17 new and extended major contracts secured in 2013 are worth £3.3bn in aggregate (2012: 35 contracts totalling £4.0bn) and represent a 2 in 3 win rate for the Group. Contracts include:

- **Telefónica UK (O2)** – a 10 year strategic partnership to deliver customer management services. Building on our existing long term partnership, we will manage O2's customer service centres and support O2 as it enhances and expands its digital service offering to customers. This 10 year relationship is worth approximately £1.2bn and commenced on 1 July 2013.
- **Cabinet Office/Axelos** – selected by the Cabinet Office to jointly develop, deliver and commercialise the Government's portfolio of project and IT management training tools. The partnership, now branded Axelos, is anticipated to triple current revenues of approximately £40m per annum by year 10 and became fully operational from 1 January 2014.
- **Carphone Warehouse** – contract to provide all Carphone Warehouse's non-store customer contact in a number of different areas across the business and support all aspects of its customer service strategy. The contract is worth around £160m over 10 years and commenced on 1 April 2013.
- **London Borough of Barnet** – contract to deliver development and regulatory services including highways management, planning and development, regeneration and environmental health and trading standards services. The contract, which will be delivered by our Property & Infrastructure business, is expected to be worth approximately £154m over 10 years and commenced on 1 October 2013.

- **Civil Service Learning agreement** – extension to existing contract with the Cabinet Office, worth at least £60m over 2 years to end March 2016.
- **National Asset Management Agency (NAMA)** – appointed as primary and special loan servicer on the NAMA loans acquired under the NAMA Act 2009, previously managed on behalf of NAMA by the special liquidators, Irish Bank Resolution Corporation (IBRC). The contract is worth around £69m over 4 years.

- **Department of Energy and Climate Change (DECC)** – Selected by the Department of Energy and Climate Change for the smart meter communication licence, responsible for the effective overall management, implementation and evolution of the data and communications infrastructure and service. The arrangement is expected to generate revenues to Capita of some £175m over 12 years (with an option to be extended for a further 6 years).

- **Ministry of Justice (MoJ)** – selected as preferred bidder for the new electronic monitoring and field support services contract and also the role of overall services and systems integrator. Our assessment is that the contract will generate revenues to Capita of some £400m over the initial 6 year contract term, based on the anticipated increase in the use of tags beyond the current numbers of monitored individuals. The new service is expected to start later in 2014 following a set up and mobilisation period.

- **RWE npower plc (trading as npower)** – secured a partnership to provide both front office customer management and back office services. Capita will take responsibility for part of npower's customer service operation and deliver a business transformation programme that will enhance customer service for npower's domestic business. The contract is expected to be worth approximately £120m over 7 years and commenced in February 2014.

- **Southampton City Council** – awarded an extension to our existing 10 year strategic partnership, which originally commenced in October 2007, by a further 5 years to September 2022. The extension of the contract will generate additional revenue to Capita of approximately £124m.

Major contracts worth between £25m-£50m:

- We have secured contracts worth a total of £381m, including with the Department for Work and Pensions (DWP), Croydon Council, Scottish Power Energy Retail, University of Strathclyde and the Department of Communications, Energy and Natural Resources in Ireland.

For further details on our contract wins, visit www.capita.co.uk

Buoyant sales outlook for 2014

Bid pipeline: The pipeline now stands at £5.5bn (November 2013: £4.2bn) and comprises 25 bids across our target markets, with particular activity in the private sector, particularly telecoms and financial services, and in the justice market and the wider public sector. Behind the pipeline is an active prospect list of opportunities, including a number of bids which are expected to reach shortlist stage shortly.

Our bid pipeline contains all bids worth £25m or above, with bids capped at £1bn and where we have been shortlisted to the last 4 or fewer. We announce the value of the pipeline three times a year and it is therefore a snapshot at a specific point in time.

Contract rebids: We have one material contract up for rebid in 2015 (arising from a recent acquisition) and then no further material rebids for the next 5 years (defined as having forecast annual revenue in excess of 1% of 2013 revenue).

Market update: We operate predominantly in the BPM market in the UK and Ireland, a market with significant growth potential. Having diversified our activities over 11 distinct markets and with a growing private sector footprint, we have an increasing ability to move across our markets to focus on the most active and interesting ones to fuel continued strong growth.

In 2013, we commissioned new market research from Ovum, one of the UK's leading independent industry analysts. Ovum estimates that Capita's total addressable market for customer management and BPM in the UK is £126bn per year, of which only £11.9bn was outsourced in 2013 (2012: £11.4bn), 72% in the private sector and 28% in the public sector. For the full year 2013, Capita's revenue was split 52% private and 48% public sector. Having been formed initially in the public sector, over time we would expect Capita's revenues to continue to accelerate in the private sector to reflect the respective market opportunity.

We continually look for changes in sector dynamics across our 11 target markets which may create a catalyst for potential outsourcing opportunities. Our newer market sectors – customer management, defence, justice and emergency services – are showing significant potential alongside our more established market sectors.

The rapid increase in digital communication, including the rise in use of mobile technology and social media, is having a significant impact on the behaviour and expectations of people and consequently our public and private sector clients need to adapt the way in which they communicate and deliver services. Alongside our existing skills, we have enhanced our digital, behavioural science, analytics and change management capabilities both internally and through acquisitions to address this need, helping organisations across both sectors to better meet their customers' needs and remain at the forefront of their markets.

In the private sector, commercial organisations are facing pressure to maintain their competitive position by driving down operational costs and introducing new products and services to market faster, while maintaining high levels of customer service and retention. Changing legislation, for example in the financial services, utilities and banking sectors, is stimulating increased interest in our customer and administration services and we are constantly evolving our propositions to ensure that we can meet these changing requirements.

The public sector is facing many similar dynamics with ongoing pressure to reduce budgets while maintaining and adapting frontline services. Demographic changes, including the ageing population and an increasing number of children in care, are also creating some specific challenges for public sector organisations, particularly local, health and education authorities, and they are therefore increasingly looking to partner with the private sector to find new service solutions.

Central government has reduced spend through austerity measures but is still having to seek further transformation change to meet the growing needs of the public sector within severe cost constraints. Outsourcing in all its various models is being used to address these challenges, from traditional outsourcing to transformational partnerships and joint ventures. We anticipate that there may be a pause in central government new outsourcing initiatives during the election period in 2015, but we are currently not seeing any slowdown in bidding activity across our key Government departments of interest. Local government activity is expected to progress steadily as normal through the election period.

Enhancing capabilities and broadening our reach through acquisitions

The strength of our offering is a result of the proactive development of the Group's capability and infrastructure, both internally and through selective acquisition, ensuring that we have the right resources in place to deliver tailored service models for our clients. In 2013, we acquired 13 companies for a total cash consideration of £271m[3]. These organisations are also enhancing our sales propositions, helping to address our clients' challenges and creating further organic growth in the following areas:

Analytics and gamification: With the increasing use of analytics, behavioural science and the application of game dynamics to inform and deliver our customer and employee change programmes, we acquired **G2G3** a provider of immersion and simulation-based training for organisations in the UK and overseas. The application of game dynamics and game thinking to non-game activities is a rapidly growing method for training employees and helping customers engage efficiently with services. G2G3 is continuing to develop simulations for global organisations as well as for Capita's existing and new clients across police, emergency services, justice, defence, nuclear and oil and gas industries.

We also strengthened our analytics capability though the acquisition of **Euristix**, a boutique data analytics and risk management business. Euristix provides portfolio management, value realisation, diagnostics and due diligence services to debt and financial services clients, together with debt purchasers. These skills are an essential component of both debt management and wider customer services.

Debt management: We extended our resources in this area by acquiring **iQor UK** (now rebranded Akinika), a provider of outsourced debt collection services to both the public and private sectors in the UK, for an enterprise value of £42m. Akinika helps companies and organisations to manage high risk customers and ensure revenue collection, an area where we are seeing strong potential for growth. Combined with our existing skills and Euristix (see above), we have established a comprehensive end to end debt management offering for both the private and public sectors.

IT & Software*:* The majority of our service solutions are IT enabled and we have continued to strengthen our products, services and resources and extended our geographic reach. Headquartered in Northern Ireland, **Northgate Managed Services (NMS)**, a provider of cloud-based, infrastructure solutions and specialist managed services to public, private and third sector organisations, was acquired by Capita for an enterprise value of £65m.

Continuing to enhance our offering to the justice market, we acquired **STL Technologies**, a provider of software and ICT to the criminal justice system, including courts and the police, and to asylum and immigration tribunals. STL specialises in case management applications for organisations including Her Majesty's Courts Service, the Ministry of Justice, the Scottish Court Service and case preparation and custody applications for West Midlands Police. Extending our footprint in the education market, we acquired **MLS**, a provider of library and resource management systems.

Opening up a new market segment for Capita, we acquired **ParkingEye**, a provider of technology based car parking services, for an enterprise value of £57.5m. ParkingEye's automatic number plate recognition (ANPR) based management system is used by clients to provide remote enforcement, management information and alerting systems.

Change management & learning and development*:* As the skills, behaviours and productivity of workforces are key to the success of services and organisations, we have broadened our services across recruitment, development and change management. We acquired **Blue Sky Performance Improvement,** a UK based learning and development business that specialises in behaviour change and improved employee productivity. Blue Sky provides bespoke, high quality solutions for executive level employees through to field-based and frontline employees for private and public sector clients, including 20% of the FTSE 100 such as British Gas, BT, Barclays, RBS and RSA.

Focusing on ensuring training investment is deployed efficiently and increasing skills across young people, we acquired two further companies. **KnowledgePool Group**, a provider of learning managed services, manages all learning activity and operations through a single channel that maximises return on training investment for its clients. The company delivers three core service components of supplier management, training administration and learning consultancy. **Creating Careers**, a provider of accredited e-learning to further and secondary education students via distance learning, focuses on providing those who have disengaged from traditional education techniques with a route to accredited, nationally recognised qualifications.

Our organisational structure

To further support our clients and the markets in which we operate, we have made some further minor changes to our operational structure for 2014 and from 1 January 2014, we now operate in 9 market facing or service specific divisions. Our delivery network now includes 73 multi-service delivery centres in the UK, the Channel Islands and Europe and offshore in India, South Africa and Dubai. By offering onshore, nearshore, offshore or blended service delivery options in a time zone that suits our clients, we can provide maximum flexibility, quality and cost savings in our sales propositions.

Our Board and people

The Board would like to take this opportunity to thank all our people for their hard work and dedication which ensures that we can continue to deliver quality services for clients. Our employees join us through direct recruitment, contracts or acquisitions and their commitment and enthusiasm play a vital role in helping us to meet client expectations and sustain our growth.

As announced in November 2013, Paul Pindar is stepping down as Chief Executive and from the Capita Group Board with effect from 28 February 2014. Paul has played a key role in Capita's successful growth since joining the Company in 1987, including 22 years as Managing Director and Chief Executive. The Board warmly thanks him for his significant contribution to the success of Capita and wishes him all the best for the future.

In line with Capita's senior management succession plan, Andy Parker will succeed Paul as Chief Executive from 1 March 2014. Dawn Marriott-Sims, formerly Executive Director of Capita's Workplace Services division, was appointed to the Group Board succeeding Andy as Joint COO with effect from 1 January 2014.

Following 10 years as a Non Executive Director, Martina King has decided to retire from the Board in May 2014. The Board thanks her for her strong contribution to the Board and as Chair of the Remuneration Committee and wishes her all future success.

Future prospects

2013 was a year of strong sales, operational and financial performance. We accelerated our organic growth, sustained good cash generation and delivered record underlying profits for the 25th successive year.

As a consequence of the sales successes in 2013 and to date in 2014, along with the acquisitions completed over the previous 12 months, we have excellent revenue visibility and the ingredients in place to deliver continued strong growth in 2014. The UK market for customer and business process management remains very encouraging with major opportunities broadly spread across both our private and public sector markets, as evidenced by our current bid pipeline. Together this underpins our confidence in the Group's long term growth prospects.

-Ends-

Consolidated income statement

for the year ended 31 December 2013

		2013				2012 Restated		
			Non-underlying					
	Note	Underlying £m	Business disposal/closure (note 2) £m	Other non-underlying (note 3) £m	Total £m	Underlying £m	Non-underlying £m	Total £m
Continuing operations:								
Revenue		3,850.9	45.3	–	3,896.2	3,351.8	–	3,351.8
Cost of sales		2,780.9	46.7	–	2,827.6	2,411.0	–	2,411.0
Gross profit		1,070.0	(1.4)	–	1,068.6	940.8	–	940.8
Administrative expenses		553.1	63.2	139.9	756.2	474.1	130.8	604.9
Operating profit		516.9	(64.6)	(139.9)	312.4	466.7	(130.8)	335.9
Net finance costs	4	(41.9)	–	26.6	(15.3)	(49.7)	(4.8)	(54.5)
Loss on business disposal		–	(82.1)	–	(82.1)	–	–	–
Profit before tax		475.0	(146.7)	(113.3)	215.0	417.0	(135.6)	281.4
Income tax expense		(90.3)	14.8	32.4	(43.1)	(85.3)	33.3	(52.0)
Profit for the year		384.7	(131.9)	(80.9)	171.9	331.7	(102.3)	229.4
Attributable to:								
Owners of the Company		389.1	(131.9)	(80.0)	177.2	331.7	(102.3)	229.4
Non-controlling interests		(4.4)	–	(0.9)	(5.3)	–	–	–
		384.7	(131.9)	(80.9)	171.9	331.7	(102.3)	229.4
Earnings per share								
– basic	5	59.40p	(20.14)p	(12.21)p	27.05p	52.12p	(16.08)p	36.04p
– diluted	5	58.71p	(19.90)p	(12.07)p	26.74p	51.55p	(15.90)p	35.65p

Consolidated statement of comprehensive income

for the year ended 31 December 2013

	2013 £m	2013 £m	2012 Restated £m	2012 Restated £m
Profit for the year		171.9		229.4
Other comprehensive income/(expense):				
Items that will not be reclassified subsequently to profit or loss				
Actuarial gain/(loss) on defined benefit pension schemes	10.9		(19.8)	
Income tax effect	(9.2)		0.6	
		1.7		(19.2)
Items that will or may be reclassified subsequently to profit or loss				
Exchange differences on translation of foreign operations		0.3		(5.8)
Losses on cash flow hedges arising during the year	(10.3)		(11.3)	
Reclassification adjustments for losses/(gains) included in the income statement	2.6		(1.2)	
Income tax effect	0.9		2.7	
		(6.8)		(9.8)
		(6.5)		(15.6)
Other comprehensive expense for the year net of tax		(4.8)		(34.8)
Total comprehensive income for the year net of tax		167.1		194.6
Attributable to:				
Owners of the Company		172.4		194.6
Non-controlling interests		(5.3)		–
		167.1		194.6

Consolidated balance sheet

As at 31 December 2013

	Note	2013 £m	2012 Restated £m
Non-current assets			
Property, plant and equipment		**419.8**	358.3
Intangible assets		**2,330.7**	1,936.8
Financial assets		**166.4**	236.2
Deferred taxation		**–**	1.3
Trade and other receivables		**77.6**	72.7
		2,994.5	2,605.3
Current assets			
Financial assets		**3.1**	8.0
Funds assets		**100.8**	121.2
Trade and other receivables		**892.9**	834.1
Cash		**610.8**	747.3
		1,607.6	1,710.6
Total assets		**4,602.1**	4,315.9
Current liabilities			
Trade and other payables		**1,023.5**	968.9
Overdrafts		**453.0**	440.6
Financial liabilities		**79.2**	121.5
Funds liabilities		**100.8**	121.2
Provisions	8	**62.2**	32.8
Income tax payable		**52.5**	46.7
		1,771.2	1,731.7
Non-current liabilities			
Trade and other payables		**26.5**	12.5
Financial liabilities		**1,729.9**	1,539.7
Deferred taxation		**7.1**	–
Provisions	8	**52.7**	45.8
Employee benefits		**118.4**	108.1
		1,934.6	1,706.1
Total liabilities		**3,705.8**	3,437.8
Net assets		**896.3**	878.1
Capital and reserves			
Issued share capital		**13.8**	13.8
Share premium		**491.2**	470.4
Employee benefit trust & treasury shares		**(0.4)**	(0.4)
Capital redemption reserve		**1.8**	1.8
Foreign currency translation reserve		**2.0**	1.7
Net unrealised losses reserve		**(24.1)**	(17.3)
Retained earnings		**350.4**	408.1
Equity attributable to owners of the Company		**834.7**	878.1
Non-controlling interests		**61.6**	–
Total equity		**896.3**	878.1

Included in aggregate financial liabilities is an amount of £1,267.3m (2012: £1,370.1m) which represents the fair value of the Group's bonds which should be considered in conjunction with the aggregate value of currency and interest rate swaps of £147.1m included in financial assets and £13.5m included in financial liabilities (2012: £222.4m included in financial assets and £0.3m included in financial liabilities). Consequently, this gives an effective liability of £1,133.7m (2012: £1,148.0m).

Consolidated statement of changes in equity

for the year ended 31 December 2013

	Share capital £m	Share premium £m	Employee benefit trust & treasury shares £m	Capital redemption reserve £m	Retained earnings £m	Foreign currency translation reserve £m	Cash flow hedging reserve £m	Total £m	Non-controlling interests £m	Total equity £m
At 1 January 2012	13.0	459.4	(0.4)	1.8	50.3	7.5	(7.5)	524.1	–	524.1
Profit for the year – restated	–	–	–	–	229.4	–	–	229.4	–	229.4
Other comprehensive expense – restated	–	–	–	–	(19.2)	(5.8)	(9.8)	(34.8)	–	(34.8)
Total comprehensive income for the year	–	–	–	–	210.2	(5.8)	(9.8)	194.6	–	194.6
Share based payment	–	–	–	–	9.1	–	–	9.1	–	9.1
Deferred income tax relating to share based payments	–	–	–	–	6.2	–	–	6.2	–	6.2
Shares issued	0.8	11.0	–	–	270.4	–	–	282.2	–	282.2
Equity dividends paid	–	–	–	–	(138.1)	–	–	(138.1)	–	(138.1)
At 1 January 2013	13.8	470.4	(0.4)	1.8	408.1	1.7	(17.3)	878.1	–	878.1
Profit for the year	–	–	–	–	177.2	–	–	177.2	(5.3)	171.9
Other comprehensive expense	–	–	–	–	1.7	0.3	(6.8)	(4.8)	–	(4.8)
Total comprehensive income for the year	–	–	–	–	178.9	0.3	(6.8)	172.4	(5.3)	167.1
Share based payment	–	–	–	–	10.5	–	–	10.5	–	10.5
Deferred income tax relating to share based payments	–	–	–	–	8.0	–	–	8.0	–	8.0
Shares issued	–	20.8	–	–	–	–	–	20.8	–	20.8
Equity dividends paid	–	–	–	–	(159.1)	–	–	(159.1)	–	(159.1)
Put option of non-controlling interest	–	–	–	–	(96.0)	–	–	(96.0)	–	(96.0)
Acquisition of subsidiary with non-controlling interest	–	–	–	–	–	–	–	–	66.9	66.9
At 31 December 2013	13.8	491.2	(0.4)	1.8	350.4	2.0	(24.1)	834.7	61.6	896.3

Non-controlling interests – This represents the equity in a subsidiary that is not attributable directly or indirectly to the parent company.

Put option of non-controlling interest - The non-controlling shareholders of Axelos Limited and Entrust Support Services Limited, which we acquired a controlling interest in during the year, have an option to put their shareholding to Capita plc. Accordingly, a liability of £96m has been recognised and a corresponding entry has been recorded against retained earnings. The options are exercisable only after a period of 5 years has elapsed.

Consolidated cash flow statement

for the year ended 31 December 2013

	Note	2013 £m	2012 Restated £m
Cash flows from operating activities			
Operating profit on continuing activities		312.4	335.9
Adjustment for non-cash items:			
Depreciation		74.1	71.7
Accelerated depreciation on business closure		6.0	–
Amortisation of intangible assets (treated as depreciation)		3.3	1.2
Amortisation of intangible assets recognised on acquisition		122.2	95.3
Accelerated amortisation of intangible assets on business closure		0.2	–
Share based payment expense		10.5	9.1
Employee benefits		2.2	(1.9)
Non-underlying items – see note 3		1.7	25.2
Loss/(profit) on sale of property, plant and equipment		2.1	(0.1)
Movement in provisions (net)		32.0	(18.2)
Net movement in payables and receivables		(28.4)	(3.1)
Cash generated from operations before settlements		538.3	515.1
Arch Cru		(1.2)	-
Settlement of Cumbria County Council pension deficit		-	0.8
Cash generated from operations		537.1	515.9
Income tax paid		(52.9)	(62.3)
Net interest paid		(37.2)	(46.0)
Net cash inflow from operating activities		447.0	407.6
Cash flows from investing activities			
Purchase of property, plant and equipment		(128.2)	(95.5)
Purchase of intangible assets		(16.9)	(5.8)
Proceeds from sale of property, plant and equipment		1.2	1.4
Acquisition of public sector subsidiary partnerships		(38.9)	–
Debt repaid on the acquisition of public sector subsidiary partnerships		(9.1)	–
Acquisition of other subsidiary undertakings and businesses		(243.2)	(132.4)
Cash acquired with other subsidiary undertakings		15.8	17.6
Debt repaid on the acquisition of other subsidiaries		(5.1)	(57.1)
Cash disposed of with other subsidiary undertakings		(6.0)	–
Contingent consideration paid		(14.4)	(12.0)
Purchase of financial assets		(0.7)	–
Investment loan		0.2	0.3
Net cash outflow from investing activities		(445.3)	(283.5)
Cash flows from financing activities			
Issue of ordinary share capital		16.7	284.9
Share transaction costs		–	(2.7)
Dividends paid		(159.1)	(138.1)
Capital element of finance lease rental payments	9	(10.0)	(1.7)
Repayment of term debt	9	(185.0)	(2.3)
Repayment of bonds	9	(88.1)	–
Proceeds on issue of term debt	9	200.0	160.3
Proceeds on issue of bonds	9	75.0	–
Revolving credit facility		–	(178.0)
Financing arrangement costs		–	(1.5)
Net cash (outflow)/inflow from financing activities		(150.5)	120.9
(Decrease)/increase in cash and cash equivalents		(148.8)	245.0
Cash and cash equivalents at the beginning of the period		306.7	62.4
Impact of movement in exchange rates		(0.1)	(0.7)
Cash and cash equivalents at 31 December		157.8	306.7
Cash and cash equivalents comprise:			
Cash at bank and in hand		610.8	747.3
Overdrafts		(453.0)	(440.6)
Total		157.8	306.7

Notes to the financial statements

The 2012 financial statements have been restated to reflect:

- The adoption of IFRS 7 Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7) requiring the Group to gross up its cash at bank and overdraft positions and accordingly the statement of financial position has been restated to reflect this;
- The adoption of IAS19 Employee Benefits (Revised 2011) – IAS 19R resulting in a change to the accounting for interest on plan assets and accordingly the income statement and statement of comprehensive income have been restated; and
- Revisions made to fair value adjustments in the current year that had been determined provisionally at the immediately preceding balance sheet date.

1 Segmental information

The Group's operations are organised and managed separately according to the nature of the services provided, with each segment representing a strategic business unit offering a different package of related services across the Group's markets. No operating segments have been aggregated to form the reportable operating segments below. The information disclosed below represents the way in which the results of the businesses are reported to the Group Board. The comparative figures have been restated due to a reorganisation of the Group's business segments during the year and a consequent change in the way in which the results of the businesses are reported to the Group Board.

Before eliminating sales between business units on consolidation, the Group accounts for sales between business units as if they were to a third party at market rates.

Year ended 31 December 2013

	Health & Wellbeing £m	IT Services £m	Justice & Secure Services £m	Professional Services £m	Property & Infrastructure £m	Workplace Services £m	Asset Services £m	Customer Management & International £m	Insurance & Benefits Services £m	Total £m
Segment revenue										
- Underlying										
Total segment revenue	187.6	590.4	425.4	666.8	297.3	597.5	257.3	518.9	762.2	4,303.4
Inter-segment revenue	(24.8)	(132.8)	(14.0)	(110.3)	(20.0)	(31.5)	(10.7)	(13.2)	(95.2)	(452.5)
Third party revenue	162.8	457.6	411.4	556.5	277.3	566.0	246.6	505.7	667.0	3,850.9
- Non-underlying trading[1]	–	–	–	–	–	–	–	–	45.3	45.3
Total segment revenue	162.8	457.6	411.4	556.5	277.3	566.0	246.6	505.7	712.3	3,896.2
Segment result										
- Underlying										
Result after depreciation	22.2	25.5	66.4	131.2	16.0	75.0	65.3	64.1	61.7	527.4
Share based payment	(0.4)	(0.5)	(1.5)	(2.7)	(0.3)	(1.5)	(1.3)	(1.2)	(1.1)	(10.5)
Underlying trading result	21.8	25.0	64.9	128.5	15.7	73.5	64.0	62.9	60.6	516.9
- Non-underlying trading[1]	–	–	–	–	–	–	–	–	(14.4)	(14.4)
Total trading result	21.8	25.0	64.9	128.5	15.7	73.5	64.0	62.9	46.2	502.5
Non-trading										
Business disposal & closure costs										(50.2)
Intangible amortisation										(122.2)
Acquisition costs										(14.3)
Contingent consideration movements										(1.7)
Arch Cru										(1.7)
Operating profit										312.4
Net underlying finance costs										(41.9)
Financial instruments – mark to market										25.1
Derivatives own party risk – mark to market										0.1
Derivatives counterparty risk – mark to market										1.4
Loss on business disposal										(82.1)
Profit before tax										215.0
Income tax expense										(43.1)
Profit for the year										171.9

See note 2

1 Segmental information (continued)

Year ended 31 December 2012

Segment revenue	Health & Wellbeing £m	IT Services £m	Justice & Secure Services £m	Professional Services £m	Property & Infrastructure £m	Workplace Services £m	Asset Services £m	Customer Management & International £m	Insurance & Benefits Services £m	Total £m
Total segment revenue	**198.4**	**549.6**	**299.2**	**550.8**	**273.4**	**438.6**	**250.3**	**369.6**	**819.7**	3,749.6
Inter-segment revenue	**(26.2)**	**(112.4)**	**(12.3)**	**(97.0)**	**(17.6)**	**(27.7)**	**(9.4)**	**(11.6)**	**(83.6)**	(397.8)
Third party revenue	**172.2**	**437.2**	**286.9**	**453.8**	**255.8**	**410.9**	**240.9**	**358.0**	736.1	3,351.8
Segment result										
Underlying										
Result after depreciation	**33.0**	**29.7**	**42.6**	**113.6**	**7.4**	**55.8**	**63.9**	**48.7**	**81.1**	475.8
Share based payment	**(0.4)**	**(0.3)**	**(0.9)**	**(2.2)**	**(0.6)**	**(1.3)**	**(0.6)**	**(0.9)**	**(1.9)**	(9.1)
	32.6	**29.4**	**41.7**	**111.4**	**6.8**	**54.5**	**63.3**	**47.8**	**79.2**	466.7
Non-underlying										
Intangible amortisation										(95.3)
Acquisition costs										(10.3)
Loan impairment										(15.0)
Goodwill impairment net of contingent consideration movements										(10.2)
										335.9
Net underlying finance costs										(49.7)
Financial instruments – mark to market										(8.7)
Derivatives counterparty risk – mark to market										3.9
Profit before tax										281.4
Income tax expense										(52.0)
Profit for the year										229.4

2 Business disposal/closure

In the year the Group disposed of its insurance distribution businesses and announced the planned closure of its SIP (Self Invested Pensions) administration business.

Income statement impact

		Non-trading disposal/closure			
	Trading £m	Cash £m	Non-cash £m	Total £m	Total £m
Revenue	**45.3**	–	–	–	**45.3**
Cost of sales	**(46.7)**	–	–	–	**(46.7)**
Gross loss	**(1.4)**	–	–	–	**(1.4)**
Administrative expenses	**(13.0)**	**(41.5)**	**(8.7)**	**(50.2)**	**(63.2)**
Operating loss	**(14.4)**	**(41.5)**	**(8.7)**	**(50.2)**	**(64.6)**
Loss on business disposal	–	**(6.0)**	**(76.1)**	**(82.1)**	**(82.1)**
Loss before tax	**(14.4)**	**(47.5)**	**(84.8)**	**(132.3)**	**(146.7)**
Taxation	**3.2**	**9.0**	**2.6**	**11.6**	**14.8**
Loss after tax	**(11.2)**	**(38.5)**	**(82.2)**	**(120.7)**	**(131.9)**

Trading revenue and costs represent the current year trading performance of these businesses.

Non-trading disposal and closure costs include the costs of running off the policies in the SIP business and the ongoing stranded costs such as property lease and redundancy payments. It is expected these expenses will be incurred over 2 years - see note 8.

Included within non-trading administrative expenses in the table above are:

	£m
Provision made in respect of disposal and closure costs	**41.5**
Assets written off used exclusively for the activities disposed of/closed	**8.7**
Total	**50.2**

2 Business disposal/closure (continued)

The table below summarises the loss on disposal:

	£m
Property, plant and equipment	3.1
Trade and other receivables (excl. accrued income) due in less than one year	46.4
Accrued income due in less than one year	4.8
Cash	6.0
Trade payables due in less than one year	(5.0)
Other payables due in less than one year	(35.6)
Intangible assets	4.8
Goodwill	57.6
Total net assets disposed of	82.1
Net proceeds received	–
Loss on business disposal	82.1

Consideration was comprised of £1.

3 Administrative expenses

Included within administrative expenses in the non-underlying column are:

	2013 £m	2012 £m
Non-underlying, non-cash items:		
Intangible amortisation	122.2	95.3
Contingent consideration movements (net of goodwill impairment in 2012)	1.7	10.2
Arch Cru	0.5	–
Impairment of Optima investment loan	–	15.0
	124.4	120.5
Non-underlying, cash items:		
Professional fees re acquisitions	12.9	9.6
Stamp duty paid on acquisitions	1.4	0.7
Arch Cru	1.2	–
	15.5	10.3
Total	139.9	130.8

The Group has paid additional costs of £1.2m during the year and has made provision for further costs of £0.5m in relation to this matter. Having given due consideration to the ongoing activity in this case the Group considered it prudent to set aside an amount to cover legal fees that may be incurred in dealing with this matter.

4 Net finance costs

	2013 £m	2012 Restated £m
Bank interest receivable	(0.1)	(0.3)
Other interest receivable	(0.1)	(0.2)
Interest receivable	(0.2)	(0.5)
Bonds	22.9	29.5
Fixed rate interest rate swaps – realised	6.0	9.1
Finance lease	0.8	–
Bank loans and overdrafts	7.7	7.9
Investment expense	–	0.1
Net interest cost on defined benefit pension schemes	4.7	3.6
Interest payable	42.1	50.2
Underlying net finance costs	41.9	49.7
Fixed rate interest rate swaps – mark to market	(26.3)	8.2
Non-designated foreign exchange forward contracts – mark to market	1.2	0.5
Derivatives' counterparty risk adjustment – mark to market	(1.4)	(3.9)
Derivatives' own credit risk adjustment – mark to market	(0.1)	–
Non-underlying net finance costs	(26.6)	4.8
Total net finance costs	15.3	54.5

5 Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following reflects the income and share data used in the basic and diluted earnings per share computations:

	2013 £m	2012 Restated £m
Net profit attributable to ordinary equity holders of the parent from operations	177.2	229.4

	2013 Number million	2012 Number million
Weighted average number of ordinary shares (excluding trust and treasury shares) for basic earnings per share	655.1	636.4
Dilutive potential ordinary shares:		
Employee share options	7.7	7.0
Weighted average number of ordinary shares (excluding trust and treasury shares) adjusted for the effect of dilution	662.8	643.4

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these financial statements.

The following additional earnings per share figures are calculated based on underlying earnings attributable to ordinary equity holders of the parent of £389.1m (2012: £331.7m) and, after non-underlying costs, earnings of £177.2m (2012: £229.4m). They are included as they provide a better understanding of the underlying trading performance of the Group.

		2013 p	2012 Restated p
Basic earnings per share	– underlying	59.40	52.12
	– after non-underlying	27.05	36.04
Diluted earnings per share	– underlying	58.71	51.55
	– after non-underlying	26.74	35.65

6 Dividends paid and proposed

	2013 £m	2012 £m
Declared and paid during the year		
Ordinary shares (equity):		
Final for 2012 paid: 15.6p per share (2011: 14.2p per share)	102.1	86.7
Interim for 2013 paid: 8.7p per share (2012: 7.9p per share)	57.0	51.4
	159.1	138.1
Proposed for approval at AGM (not recognised as a liability at 31 December)		
Ordinary shares (equity):		
Final for 2013: 17.8p per share (2012: 15.6p per share)	116.9	101.3

7 Business combinations

2013 acquisitions

The Group made a number of acquisitions in 2013 which are shown in aggregate. The fair values of the identifiable assets and liabilities acquired are disclosed in the table below:

	Fair value to Group recognised on acquisition		
	Public Sector Subsidiary Partnership £m	Other acquisitions £m	Total £m
Property, plant and equipment	3.9	26.0	29.9
Intangible assets	102.7	187.9	290.6
Trade and other receivables due in less than one year	3.7	50.9	54.6
Trade and other receivables due in more than one year	–	14.4	14.4
Corporation tax	–	1.6	1.6
Cash and cash equivalents	–	15.8	15.8
Trade and other payables (exc. accruals) due in less than one year	(2.5)	(41.5)	(44.0)
Accruals due in less than one year	(10.9)	(54.9)	(65.8)
Trade and other payables (exc. accruals) due in more than one year	–	(2.0)	(2.0)
Provisions	–	(5.5)	(5.5)
Deferred tax	(2.1)	(23.0)	(25.1)
Employee benefits liability	–	(14.3)	(14.3)
Finance leases	–	(25.4)	(25.4)
Public sector subsidiary partnership payment	(52.2)	–	(52.2)
Long term debt	(9.1)	(5.1)	(14.2)
Net assets	33.5	124.9	158.4
Goodwill arising on acquisition	103.0	162.1	265.1
Non-controlling interest	(66.9)		(66.9)
	69.6	287.0	356.6
Discharged by:			
Cash	34.9	232.9	267.8
Equity instruments	–	4.1	4.1
Contingent consideration accrued	–	26.1	26.1
Deferred consideration accrued	34.7	23.9	58.6
	69.6	287.0	356.6

"Public Sector Subsidiary Partnerships" represent a controlling interest in 3 public sector acquisitions in 2013, being 51% of the ordinary share capital of Axelos Limited and Entrust Support Services Limited and 100% of the ordinary share capital of Fire Service College Limited.

In all other cases 100% of the ordinary share capital was acquired. The companies acquired have been mainly in the areas of IT and software, debt management, analytics, gamification, change management, and learning and development which complement or extend the Group's existing skill sets and provide opportunities for growth into these markets. In addition during the year the Group settled contingent consideration payments with regard to previous acquisitions amounting to £14.4m, all of which had been accrued.

Goodwill has arisen on the acquisitions because the fair value of the acquired assets was lower than the consideration paid; the goodwill represents the value to the Group that can be driven from these underlying assets over the life of the acquired businesses, particularly from synergies, the capabilities of the acquired workforce, and commercialisation of formerly public sector assets. The total amount of goodwill recognised in the period that is expected to be deductible for tax purposes is £103.4m (2012: £3.3m).

The public sector subsidiary partnership payment liability is an estimate of the annual preferred payments to be made by Axelos Limited (the partnership formed with the Cabinet Office) to the Cabinet Office in years 4 to 10. This payment is funded by Axelos Limited and is contingent on profits. The £52.2m liability has an estimated cash impact, net of tax, of £35.9m. Following these payments, the new company will pay profits to the partners according to their stake in the business.

7 Business combinations (continued)

Contingent consideration

In respect of the acquisitions made in 2013, the Group has agreed to pay the vendors additional consideration dependent on the achievement of performance targets in the periods post acquisition. These performance periods are of up to four years in duration and will be settled in cash and loan notes on their payment date on achieving the relevant target. The range of the additional consideration payment is estimated to be between £20m and £35m. The Group has included £26.1m as contingent consideration related to the additional consideration, which represents its fair value at the acquisition date. Contingent consideration has been calculated based on the Group's expectation of what it will pay in relation to the post-acquisition performance of the acquired entities by weighting the probability of a range of payments to give an estimate of the final obligation.

Deferred consideration

In respect of the acquisitions made in 2013, the Group has agreed to pay the vendors additional consideration post the year end period. The Group has included £58.6m as deferred consideration, which represents its fair value at the acquisition date.

Acquisition related costs

The Group incurred acquisition related costs of £14.3m related to professional fees paid for due diligence, general professional fees and legal related costs. These costs have been included in non-underlying administrative expenses in the Group's consolidated income statement.

8 Provisions

	Restructuring provision £m	Insurance captive provision £m	Property provision £m	Other £m	Total £m
At 1 January 2013 (restated)	–	16.0	39.4	23.2	78.6
Utilisation	(0.2)	(13.7)	(7.9)	(13.4)	(35.2)
Provided in the year (net)	41.5	22.8	(0.1)	1.8	66.0
Provisions acquired	–	–	5.2	0.3	5.5
At 31 December 2013	41.3	25.1	36.6	11.9	114.9

The provisions made above have been shown as current or non-current on the balance sheet to indicate the Group's expected timing of the matters reaching conclusion.

The Group has made the restructuring provision for unavoidable costs which will be incurred due to its decisions to dispose of its insurance distribution business and to close its SIP business. The provision is expected to unwind over 2 years.

9 Additional cash flow information

Reconciliation of net cash flow to movement in net funds/(debt)

	Net debt at 1 January 2013 £m	Acquisitions in 2013 (exc. cash) £m	Cash flow movements £m	Non-cash flow movements £m	Net debt at 31 December 2013 £m
Cash, cash equivalents and overdrafts	306.7	–	(148.8)	(0.1)	157.8
Loan notes	(0.5)	–	0.1	(10.0)	(10.4)
Bonds[1]	(1,370.1)	–	13.1	89.7	(1,267.3)
Revolving credit facility	–	–	–	–	–
Currency swaps in relation to US$ denominated bonds[1]	206.2	–	–	(80.3)	125.9
Interest rate swaps in relation to GBP denominated bonds[1]	15.9	–	–	(8.2)	7.7
Long term debt	–	(14.2)	14.2	–	–
Term loan	(185.0)	–	185.0	–	–
New Term loan	–	–	(200.0)	–	(200.0)
Finance leases	(2.7)	(25.4)	10.8	–	(17.3)
Underlying net debt	(1,029.5)	(39.6)	(125.6)	(8.9)	(1,203.6)
Fixed rate interest rate swaps	(52.9)	–	–	26.3	(26.6)
	(1,082.4)	(39.6)	(125.6)	17.4	(1,230.2)

	Net debt at 1 January 2012 £m	Acquisitions in 2012 (exc. cash) £m	Cash flow movements £m	Non-cash flow movements £m	Net debt at 31 December 2012 £m
Cash, cash equivalents and overdrafts	62.4	–	245.0	(0.7)	306.7
Loan notes	(2.3)	–	2.3	(0.5)	(0.5)
Bonds[1]	(1,432.2)	–	24.7	37.4	(1,370.1)
Revolving credit facility	(176.1)	–	178.0	(1.9)	–
Currency swaps in relation to US$ denominated bonds[1]	242.4	–	–	(36.2)	206.2
Interest rate swaps in relation to GBP denominated bonds[1]	13.5	–	–	2.4	15.9
Long term debt	–	(57.1)	57.1	–	–
Term loan	–	–	(185.0)	–	(185.0)
Finance leases	(3.1)	–	1.7	(1.3)	(2.7)
Underlying net debt	(1,295.4)	(57.1)	323.8	(0.8)	(1,029.5)
Fixed rate interest rate swaps	(44.7)	–	–	(8.2)	(52.9)
	(1,340.1)	(57.1)	323.8	(9.0)	(1,082.4)

[1] The sum of these items held at fair value equates to the underlying value of the Group's bond debt of £1,133.7m (2012: £1,148.0m).

The aggregate bond fair value above of £1,267.3m (2012: £1,370.1m) includes the GBP value of the US$ denominated bonds at 31 December 2013. To remove the Group's exposure to currency fluctuations it has entered into currency swaps which effectively hedge the movement in the underlying bond fair value. The interest rate swap is being used to hedge the exposure to changes in the fair value of GBP denominated bonds.

10 Related party transactions

Compensation of key management personnel

	2013 £m	2012 £m
Short term employment benefits	8.1	7.6
Pension	0.2	0.1
Share based payments	6.0	3.6
	14.3	11.3

The following companies are substantial shareholders in the Company and therefore a related party of the Company (in each case, for the purposes of the Listing Rules of the UK Listing Authority). The number of shares held on 20th February 2014 was as below:

Shareholder	No. of shares	% of voting rights
BlackRock Inc	36,153,457	5.49
Invesco Limited	131,356,538	19.93
Legal & General Group Plc	19,818,538	3.01
Veritas Asset Management (UK) Limited	42,647,140	6.47

11 Preliminary announcement

The preliminary announcement is prepared in accordance with International Financial Reporting Standards as adopted by the European Union. A duly appointed and authorised committee of the Board of Directors approved the preliminary announcement on 26th February 2014. The financial information set out above does not constitute the Company's statutory accounts for the years ended 31 December 2013 or 2012 but is derived from those accounts. Statutory accounts for 2012 have been delivered to the registrar of companies, and those for 2013 will be delivered in due course. The auditor has reported on those accounts; their reports were (i) unqualified, (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

Copies of the announcement can be obtained from the Company's registered office at 71 Victoria Street, Westminster, London SW1H 0XA, or on the Company's corporate website www.capita.co.uk/investors/Pages/Investors.aspx.

It is intended that the Annual Report and Accounts will be posted to shareholders in April 2014. It will be available to members of the public at the registered office and on the Company's Corporate website www.capita.co.uk/investors/Pages/Investors.aspx from that date.

12 Statement of Directors responsibilities

The Directors confirm that, to the best of their knowledge the extracts from the consolidated financial statements included in this report, which have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, IFRIC interpretations and those parts of the Companies Act 2006 applicable to companies reporting under IFRS, fairly presents the assets, liabilities, financial position and profit of the Group taken as a whole and that the management report contained in this report includes a fair review of the development and performance of the business.

By order of the Board

P R M Pindar
Chief Executive

G M Hurst
Group Finance Director

26 February 2014