Capito Holdings Limited

Report and financial statements

for the 15 months ended 31 December 2011

Company registration number: SC304913

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Capito Holdings Limited

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Officers and professional advisers

Directors
Alan Middleton
Allan Merrit (resigned 31 March 2012)
Stewart McQuillian (resigned 7 January 2011)
Ian Cameron (resigned 13 January 2011)
David Murray (resigned 24 November 2010)
Craig Lennox (appointed 16 November 2010)

Secretary
Ian Cameron (resigned 13 January 2011)
Arlene Burnside (appointed 13 January 2011)

Independent Auditor
Deloitte LLP
Lomond House
9 George Square
Glasgow
G2 1QQ

Bankers
Clydesdale Bank
30 St Vincent Place
Glasgow
G1 2HL

Solicitors
Dundas & Wilson CS LLP
Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EN

Registered Office
Caputhall Road
Deans
Livingston
EH54 8AS

Directors' report

The directors present their report and financial statements for the 15 months ended 31 December 2011. The directors' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

Change of year end
The company has changed its accounting reference date to 31 December to align reporting requirements with it's ultimate parent company, Murray Capital Group Limited (formerly Murray Capital Newco Limited). As a result, financial statements have been prepared for the 15 month period ended 31 December 2011

Principal activity
The principal activity of Capito Holdings Limited is that of a holding company.

Results and dividends
The loss after tax for the 15 months ended 31 December 2011 was £1,213,272 (12 months ended 30 September 2010: £214,579). The Company did not declare any dividends in the 15 months ended 31 December 2011 (12 months ended 30 September 2010: £nil).

Going Concern
In their consideration of going concern, the directors have prepared cash flow forecasts which extend for a period beyond one year from the date of approval of these financial statements. The directors have reviewed the latest financial projections of its ultimate parent company, Murray Capital Group Limited ("the group") and have confirmation from the group of its continued support for a minimum of twelve months from the date of approval of these financial statements. The directors are of the opinion the company will be able to operate within current facilities and comply with its banking covenants.

After making due enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Given this, the financial statements have been prepared on a going concern basis.

Directors
The directors who served during the 15 month period and to the date of this report are detailed on page 2.

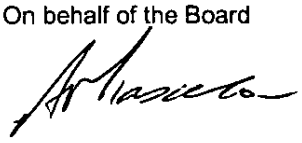
Auditor and disclosure of information to auditor
Each director, as at the date of this report, has confirmed that insofar as they are aware there is no relevant audit information of which the Company's auditor is unaware, and they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Directors' report (continued)

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

During the year, the Company appointed Deloitte LLP as auditor. Deloitte LLP have indicated their willingness to continue in office, and a resolution concerning their re-appointment will be proposed at the next Annual General Meeting of the Company.

On behalf of the Board



Alan Middleton
Director
15 June 2012

Directors' responsibilities statement

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent Auditor's report to the members of Capito Holdings Limited

We have audited the financial statements of Capito Holdings Limited for the 15 month period ended 31st December 2011 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 10. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31st December 2011 and of its loss for the 15 month period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent Auditor's report to the members of Capito Holdings Limited (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the directors' report.



Colin Gibson CA (Senior Statutory Auditor)

for and on behalf of Deloitte LLP

Chartered Accountants and Statutory Auditor

Glasgow, United Kingdom

15 June 2012

Capito Holdings Limited

Profit and loss account
for the 15 months ended 31 December 2011

	Note	15 months ended 31 December 2011 £	12 months ended 30 September 2010 £
Administrative expenses		**(18,990)**	(15,000)
Operating loss		**(18,990)**	(15,000)
Interest payable and similar charges	2	**(194,282)**	(199,579)
Amounts written off investments	4	**(1,000,000)**	-
Loss on ordinary activities before taxation		**(1,213,272)**	(214,579)
Taxation	3	**-**	-
Loss for the year	9	**(1,213,272)**	(214,579)

All results derive from continuing operations.

The Company has no recognised gains and losses other than those included in the results above and therefore no separate statement of total recognised gains and losses has been provided.

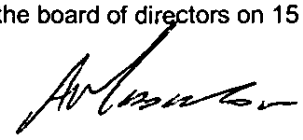
Capito Holdings Limited

Balance sheet as at 31 December 2011

	Note	31 December 2011 £	30 September 2010 £
Fixed assets			
Investment in subsidiary undertakings	4	**4,050,297**	5,050,297
Current assets			
Cash at bank and in hand		**12**	960
Creditors: amounts falling due within one year	5	**(1,490,553)**	(2,068,380)
Net current liabilities		**(1,490,541)**	(2,067,420)
Total assets less current liabilities		**2,559,756**	2,982,877
Creditors: amount falling due after more than one year	6	**(137,951)**	-
Total net assets employed		**2,421,805**	2,982,877
FINANCED BY:			
Financing Liabilities			
Loan stock	7	**1,456,272**	1,181,272
Shareholders' funds			
Called up share capital	8,9	**191,707**	153,907
Share premium account	9	**3,008,745**	2,669,345
Profit and loss account	9	**(2,234,919)**	(1,021,647)
Total shareholders' funds	9	**965,533**	1,801,605
Total financing		**2,421,805**	2,982,877

The financial statements have been prepared in accordance with the special provisions applicable to companies subject to the small companies regime within the Companies Act 2006.

The financial statements of Capito Holdings Limited, registered number SC304913, were approved by the board of directors on 15 June 2012 and were signed on its behalf by:



Alan Middleton
Director

Notes to the financial statements
15 months ended 31 December 2011

1. Accounting policies

The financial statements are prepared in accordance with applicable United Kingdom accounting standards and consistently applied throughout the 15 months ended 31 December 2011 and 12 months ended 30 September 2010. The principal accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

The Company has taken advantage of the exemption provided by s400 of the Companies Act 2006 from the need to prepare consolidated financial statements as it is a subsidiary of Murray Capital Newco Limited, a company incorporated in Scotland which prepares consolidated financial statements. Accordingly, the financial statements provide information about the company, not its group.

Going Concern

In their consideration of going concern, the directors have prepared cash flow forecasts which extend for a period beyond one year from the date of approval of these financial statements. The directors have reviewed the latest financial projections of its ultimate parent company, Murray Capital Group Limited ("the group") and have confirmation from the group of its continued support for a minimum of twelve months from the date of approval of these financial statements. The directors are of the opinion the company will be able to operate within current facilities and comply with its banking covenants.

After making due enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Given this, the financial statements have been prepared on a going concern basis.

Cash flow statement

Under Financial Reporting Standard 1, the Company is exempt from the requirement to prepare a cash flow statement on the grounds that its parent undertaking includes the Company in its own published consolidated financial statements.

Related party transactions

The Company is also exempt under the terms of the Financial Reporting Standard 8 from disclosing related party transactions with companies whose voting rights are 100% controlled within the group.

Investments

Investments held as fixed assets are stated at cost less provision for impairment.

Notes to the financial statements (continued)
15 months ended 31 December 2011

1. Accounting policies (continued)

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on the current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets and liabilities are not discounted.

2. Interest payable and similar charges

	15 months ended 31 December 2011 £	12 months ended 30 September 2010 £
Interest payable on overdrafts and bank loans	**46,517**	33,026
Other interest	**453**	20,403
Interest payable to group undertakings	**147,312**	146,150
	194,282	199,579

3. Taxation

	15 months ended 31 December 2011 £	12 months ended 30 September 2010 £
UK corporation tax on losses for the period	-	-
Tax on loss on ordinary activities	-	-

The tax assessed on the loss on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 26.8% (2010: 28%). The differences are reconciled below:

	15 months ended 31 December 2011 £	12 months ended 30 September 2010 £
Loss on ordinary activities before tax	**(1,213,272)**	(214,579)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 26.8% (2010: 28%)	**(325,157)**	(60,082)
Expenses not deductible for tax purposes	**268,000**	-
Losses carried forward	**57,157**	60,082
Current tax for the period	-	-

A deferred tax asset amounting to £280,476 (30 September 2010: £245,330) relating to trading losses has not been recognised at 31 December 2011 given the uncertainty over future taxable profits.

Notes to the financial statements (continued)
15months ended 31 December 2011

4. Investments

	Shares in subsidiaries
	£
Cost and net book value at 30 September 2010	**5,050,297**
Provision for impairment	(1,000,000)
Net book value 31 December 2011	**4,050,297**

A review of the current investment carrying value was carried out at 31 December 2011 and the board of directors have written down the investment by £1,000,000. The net book value of £4,050,297 is a realistic assessment of the current carrying value of the investment at 31 December 2011.

Interests in group undertakings

Name of undertaking	Country of incorporation or registration	Description of shares held	Proportion of nominal value of issued shares held	Principal activity
Capito Limited	Scotland	683,780 ordinary shares of 10p each	100%	Provision of information and communication technology services

Notes to the financial statements (continued)
15 months ended 31 December 2011

5. Creditors: amounts falling due within one year

	31 December 2011 £	30 September 2010 £
Term loan	**290,238**	707,672
Amounts due to group undertakings	**990,907**	1,304,046
Other creditors	**51,803**	51,803
Accruals and deferred income	**157,605**	4,859
	1,490,553	2,068,380

Amounts due to group undertakings are non-interest bearing and have no fixed repayment date.

The Clydesdale Bank term loan facility is due for final repayment on 28 June 2013 and bears interest at LIBOR plus 4%. At 30 September 2010, the company breached loan covenants and therefore the full term loan liability was classified as due within one year. As at 31 December 2011, the company is no longer in breach of loan covenants therefore the term loan has been disclosed according to the repayment profile of the facility with £290,238 disclosed as due within one year and £137,951 disclosed as due in more than one year (note 6).

Notes to the financial statements (continued)
15 months ended 31 December 2011

6. Creditors: amounts falling due in more than one year

	31 December 2011 £	30 September 2010 £
Term loan (note 5)	**137,951**	-

7. Financing liabilities

	31 December 2011 £	30 September 2010 £
Secured loan stock	**1,456,272**	1,181,272

The loan stock is repayable in three equal annual instalments commencing on 31 December 2012 and bears interest at 8.5%.

8. Share capital

	31 December 2011 £	30 September 2010 £
Allotted, called up and fully paid		
91,598 Ordinary Shares of 10p (2010: 9,620)	**9,160**	962
148,472 'A' Ordinary Shares of 10p (2010: 209,450)	**14,847**	20,945
1,677,000 Preference Shares of 10p (2010: 1,320,000)	**167,700**	132,000
	191,707	153,907

On 23 August 2011, 60,978 'A' ordinary shares were redesignated from 'A' ordinary shares to Ordinary shares of £10p per share. On 27 September 2011, 275,000 preference shares were issued. On 20 October 2011, 21,000 ordinary shares and a further 9,000 preference share were issued. On 20 December 2011 a further 73,000 preference shares were issued. All shares were issued at £1 per share. The nominal value of all share issues in the period was 10p per share (£37,800), resulting in an additional share premium of £340,200, less associated legal costs of £800 (see note 9).

The preference shares have no fixed repayment date and redemption is entirely at the discretion of the company.

Redemption of preference shares rank above the 'A' ordinary and ordinary shares on liquiditon, reduction of capital or otherwise of the Company. The 'A' ordinary shares rank above the ordinary shares.

Notes to the financial statements (continued)
15 months ended 31 December 2011

9. Reconciliation of shareholders' funds and movements on reserves

	Share capital	Share premium	Profit and loss account	Total
	£	£	£	£
At 1 October 2010	153,907	2,669,345	(1,021,647)	1,801,605
Issue of shares (note 8)	37,800	339,400	-	377,200
Loss for the year	-	-	(1,213,272)	(1,213,272)
At 31 December 2011	**191,707**	**3,008,745**	**(2,234,919)**	**965,533**

10. Ultimate controlling party

The ultimate parent undertaking and controlling party of the Company is Murray Capital Group Limited (formerly Murray Capital Newco Limited). The smallest and largest group in which the results of Capito Holdings Limited are consolidated is that headed by Murray Capital Group Limited.

Copies of Murray Capital Group Limited consolidated financial statements can be obtained from its company secretary at 11 Charlotte Square, Edinburgh EH12 4DR.