Capito Holdings Limited

Report and financial statements

for the year ended 31 December 2012

Company registration number: SC304913



Capito Holdings Limited

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Officers and professional advisers

Directors
Alan Middleton
Craig Lennox
Allan Merrit (resigned 31 March 2012)

Secretary
Arlene Burnside

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 year ended 31 December 2012. The directors' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

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

Results and dividends
The loss after tax for the year ended 31 December 2012 was £60,400 (15 months ended 31 December 2011: £1,213,272). The Company did not declare any dividends in the year ended 31 December 2012 (15 months ended 31 December 2011: £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 available.

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 year 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.

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

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.

Directors' report (continued)

On behalf of the Board



Alan Middleton
Director
21 March 2013

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 year ended 31 December 2012 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 11. 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 31 December 2012 and of its loss for the year 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;
- we have not received all the information and explanations we require for our audit; or
- 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

22 March 2013

Capito Holdings Limited

Profit and loss account
for the year ended 31 December 2012

	Note	Year ended 31 December 2012 £	15 months ended 31 December 2011 £
Administrative expenses		**(15,311)**	(18,990)
Operating loss	2	**(15,311)**	(18,990)
Interest payable and similar charges	3	**(45,089)**	(194,282)
Amounts written off investments		**-**	(1,000,000)
Loss on ordinary activities before taxation		**(60,400)**	(1,213,272)
Taxation	4	**-**	-
Loss for the year	10	**(60,400)**	(1,213,272)

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.

The accompanying notes are an integral part of this profit and loss account.

Capito Holdings Limited

Balance sheet as at 31 December 2012

	Note	2012 £	2011 £
Fixed assets			
Investment in subsidiary undertakings	5	**4,050,297**	4,050,297
Current assets			
Cash at bank and in hand		**214**	12
Creditors: amounts falling due within one year	6	**(1,439,106)**	(1,490,553)
Net current liabilities		**(1,438,892)**	(1,490,541)
Total assets less current liabilities		**2,611,405**	2,559,756
Creditors: amount falling due after more than one year	7	**-**	(137,951)
Total net assets employed		**2,611,405**	2,421,805
FINANCED BY:			
Financing Liabilities			
Loan stock	8	**1,706,272**	1,456,272
Shareholders' funds			
Share capital	9,10	**191,707**	191,707
Share premium account	10	**3,008,745**	3,008,745
Profit and loss account	10	**(2,295,319)**	(2,234,919)
Shareholders' funds	10	**905,133**	965,533
Total financing		**2,611,405**	2,421,805

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 21 March 2013 and were signed on its behalf by:

Alan Middleton
Director

Notes to the financial statements
Year ended 31 December 2012

1. Accounting policies

The financial statements are prepared in accordance with applicable United Kingdom accounting standards and consistently applied throughout the year ended 31 December 2012 and 15 months ended 31 December 2011. 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 Group 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 available.

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)
Year ended 31 December 2012

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. Operating Loss

Auditors remuneration of £3,000 (2011: £3,000) was borne by Capito Ltd, subsidiary undertaking.

3. Interest payable and similar charges

	Year ended 31 December 2012 £	15 months ended 31 December 2011 £
Interest payable on overdrafts and bank loans	**21,714**	46,517
Other interest	**-**	453
Interest payable to group undertakings	**23,375**	147,312
	45,089	194,282

4. Taxation

	Year ended 31 December 2012 £	15 months ended 31 December 2011 £
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 24.5% (2011: 26.8%). The differences are reconciled below:

	Year ended 31 December 2012 £	15 months ended 31 December 2011 £
Loss on ordinary activities before taxation	**(60,400)**	(1,213,272)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 24.5% (2011: 26.8%)	**(14,798)**	(325,157)
Expenses not deductible for tax purposes	-	268,000
Losses carried forward	**14,798**	57,157
Current tax for the period	-	-

A deferred tax asset amounting to £84,850 (31 December 2011: £280,476) relating to trading losses has not been recognised at 31 December 2012 given the uncertainty over future taxable profits.

Notes to the financial statements (continued)
Year ended 31 December 2012

5. Investments

	Shares in subsidiaries
	£
Cost at 1 January 2012 and 31 December 2012	5,050,297
Provisions for impairment at 1 January 2012 and 31 December 2012	(1,000,000)
Net book value at 1 January 2012 and 31 December 2012	**4,050,297**

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

6. Creditors: amounts falling due within one year

	2012 £	2011 £
Term loan	**145,119**	290,238
Amounts due to subsidiary undertaking	**1,123,675**	990,907
Other creditors	**-**	51,803
Amounts due to group undertakings	**170,312**	157,605
	1,439,106	1,490,553

Amounts due to subsidiary undertaking and 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%.

Notes to the financial statements (continued)
Year ended 31 December 2012

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

	2012 £	2011 £
Term loan (note 6)	-	137,951

8. Financing liabilities

	2012 £	2011 £
Secured loan stock	**1,706,272**	1,456,272

Secured loan stock of £1,456,272 bears interest at 8.5%. During the year a further £200,000 loan stock was issued and bears interest at 8%. The loan stock of £1,656,272 is due to be repaid to Murray Capital Limited in three equal annual instalments commencing on 31 December 2013, however, the company has received a letter of support from Murray Capital Limited confirming that no amounts will be recalled for payment within 12 months following approval of the 31 December 2012 financial statements. In addition, Murray Capital Limited has formally waived that no interest would accrue on the secured loan stock due to Murray Capital Limited for the year ended 31 December 2012.

Secured loan stock of £50,000 was loaned by the wife of a Director of the company on 18 December 2012 and bears interest at 8%. The loan is due to be repaid in 3 annual instalments commencing in December 2013.

9. Share capital

	2012 £	2011 £
Allotted, called up and fully paid		
91,598 Ordinary Shares of 10p	**9,160**	9,160
148,472 'A' Ordinary Shares of 10p	**14,847**	14,847
1,677,000 Preference Shares of 10p	**167,700**	167,700
	191,707	191,707

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

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

Notes to the financial statements (continued)
Year ended 31 December 2012

10. Reconciliation of shareholders' funds and movements on reserves

	Share capital £	Share premium account £	Profit and loss account £	Shareholder's funds £
At 31 December 2011	191,707	3,008,745	(2,234,919)	965,533
Loss for the year	-	-	(60,400)	(60,400)
At 31 December 2012	**191,707**	**3,008,745**	**(2,295,319)**	**905,133**

11. Ultimate controlling party

The ultimate parent undertaking and controlling party of the Company is Murray Capital Group 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.