REGISTERED NUMBER: SC304913 (Scotland)

Strategic Report, Report of the Directors and Financial Statements for the Year Ended 31 December 2017 for Capito Holdings Limited

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Capito Holdings Limited (Registered number: SC304913)

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for the Year Ended 31 December 2017

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DIRECTORS:	Mrs A Burnside Mr C Lennox Mr A Middleton Mr A Quinn
SECRETARY:	Mrs A Burnside
REGISTERED OFFICE:	Caputhall Road Deans Livingston EH54 8AS
REGISTERED NUMBER:	SC304913 (Scotland)
AUDITORS:	Campbell Dallas Audit Services Accountants Statutory Auditors Titanium 1 King's Inch Place Renfrew PA4 8WF

The directors present their strategic report for the year ended 31 December 2017.

REVIEW OF BUSINESS

The results for the year show a loss before tax of £77,881 (2016 - £163,854). The company has a balance sheet deficit of £195,156 (2016 - £1,825,690) at 31 December 2017.

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.

ON BEHALF OF THE BOARD:

.....
Mrs A Burnside - Director

Date: 26/03/18

The directors present their report with the financial statements of the company for the year ended 31 December 2017.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of a holding company.

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2017.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2017 to the date of this report.

Mrs A Burnside
Mr C Lennox
Mr A Middleton
Mr A Quinn

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, the Report of the Directors 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;
- 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.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

The appointed auditors Campbell Dallas LLP tendered their resignation and were replaced by Campbell Dallas Audit Services. The auditors, Campbell Dallas Audit Services have expressed their willingness to continue in office. Accordingly, Campbell Dallas Audit Services will be proposed for reappointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

Mrs A Burnside - Director

Date: 26/03/18

Opinion

We have audited the financial statements of Capito Holdings Limited (the 'company') for the year ended 31 December 2017 on pages eight to nineteen. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (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 a Report of the Auditors 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.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information
The directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:
- the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Report of the Directors.

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.

Responsibilities of directors
As explained more fully in the Statement of Directors' Responsibilities set out on page three, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Our responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

Campbell Dallas Audit Services

Greig McKnight (Senior Statutory Auditor)
for and on behalf of Campbell Dallas Audit Services
Accountants
Statutory Auditors
Titanium 1
King's Inch Place
Renfrew
PA4 8WF

Date: 29.5.2018

Capito Holdings Limited (Registered number: SC304913)

Income Statement
for the Year Ended 31 December 2017

	Notes	2017 £	2016 £
TURNOVER		-	-
Administrative expenses		16,344	15,853
OPERATING LOSS	5	(16,344)	(15,853)
Interest payable and similar expenses	6	61,537	148,001
LOSS BEFORE TAXATION		(77,881)	(163,854)
Tax on loss	7	-	-
LOSS FOR THE FINANCIAL YEAR		(77,881)	(163,854)

The notes form part of these financial statements

Other Comprehensive Income
for the Year Ended 31 December 2017

	Notes	2017 £	2016 £
LOSS FOR THE YEAR		(77,881)	(163,854)
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		(77,881)	(163,854)

The notes form part of these financial statements

Capito Holdings Limited (Registered number: SC304913)

Balance Sheet
31 December 2017

	Notes	2017 £	2017 £	2016 £	2016 £
FIXED ASSETS					
Investments	8		2,000,000		2,000,000
CURRENT ASSETS					
Cash at bank		40		4	
CREDITORS					
Amounts falling due within one year	9	1,780,196		2,219,422	
NET CURRENT LIABILITIES			(1,780,156)		(2,219,418)
TOTAL ASSETS LESS CURRENT LIABILITIES			219,844		(219,418)
CREDITORS					
Amounts falling due after more than one year	10		415,000		1,606,272
NET LIABILITIES			(195,156)		(1,825,690)
CAPITAL AND RESERVES					
Called up share capital	13		192,974		192,974
Share premium	14		3,008,745		3,008,745
Other reserves	14		1,708,415		-
Retained earnings	14		(5,105,290)		(5,027,409)
SHAREHOLDERS' FUNDS			(195,156)		(1,825,690)

The financial statements were approved by the Board of Directors on 26/03/18 and were signed on its behalf by:

.....
Mrs A Burnside - Director

The notes form part of these financial statements

Statement of Changes in Equity
for the Year Ended 31 December 2017

	Called up share capital £	Retained earnings £	Share premium £	Other reserves £	Total equity £
Balance at 1 January 2016	192,974	(4,863,555)	3,008,745	-	(1,661,836)
Changes in equity					
Total comprehensive income	-	(163,854)	-	-	(163,854)
Balance at 31 December 2016	192,974	(5,027,409)	3,008,745	-	(1,825,690)
Changes in equity					
Capital contribution	-	-	-	1,708,415	1,708,415
Total comprehensive income	-	(77,881)	-	-	(77,881)
Balance at 31 December 2017	192,974	(5,105,290)	3,008,745	1,708,415	(195,156)

The notes form part of these financial statements

1. STATUTORY INFORMATION

Capito Holdings Limited is a private company, limited by shares, registered in Scotland. The company's registered number and registered office address can be found on the Company Information page.

The presentation currency of the financial statements is the Pound Sterling (£).

2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006.

3. ACCOUNTING POLICIES

Basis of preparing the financial statements
The financial statements have been prepared under the historical cost convention.

Going Concern
In their consideration of going concern, the directors have prepared cash flow forecasts which extend 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.

Financial Reporting Standard 102 - reduced disclosure exemptions
The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26, 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirement of Section 33 Related Party Disclosures paragraph 33.7.

Preparation of consolidated financial statements
The financial statements contain information about Capito Holdings Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under Section 400 of the Companies Act 2006 from the requirements to prepare consolidated financial statements as it and its subsidiary undertaking are included by full consolidation in the consolidated financial statements of its parent, Murray Capital Group Limited, .

continued...

3. ACCOUNTING POLICIES - continued

Significant judgements and estimates
Estimates and judgements are continually evaluated and are based on historical experience and other factors including the expectation over future events that are deemed to be reasonable under the circumstances at the time of preparation of the financial statements.

Investments in subsidiaries
Investments in subsidiary undertakings are recognised at cost less any provision for impairment.

Taxation
Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

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

The need for any fixed asset impairment write down is assessed by comparison of the carrying value of the asset against the higher of the realisable value and value in use.

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3. ACCOUNTING POLICIES - continued

Financial instruments
Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Financial assets
Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

If transaction costs are immaterial and the credit period is short, amortised cost is equal to the nominal value less any allowance for credit losses. Amortised interest is recognised as Interest income within the Income Statement.

Where loans are provided interest-free or below market rate, the market value on initial recognition is required to be estimated by discounting the loan amount to the present value of future payments using an equivalent rate of a similar instrument.

Financial liabilities
Short term trade creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

If transaction costs are immaterial and the credit period is short, amortised cost is equal to the nominal value. The amortisation of financial liabilities is recognised as an Interest expense within the Income Statement.

Where loans are provided interest-free or below market rate, the market value on initial recognition is required to be estimated by discounting the loan amount to the present value of future payments using an equivalent rate of a similar instrument.

4. EMPLOYEES AND DIRECTORS

There were no staff costs for the year ended 31 December 2017 nor for the year ended 31 December 2016.

	2017	2016
	£	£
Directors' remuneration	-	-

5. OPERATING LOSS

Auditors remuneration of £2,000 (2016: £2,000) was borne by Capito Limited, a subsidiary undertaking.

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6. INTEREST PAYABLE AND SIMILAR EXPENSES

	2017	2016
	£	£
Interest payable to group undertakings	61,537	148,001
	61,537	148,001

7. TAXATION

Analysis of the tax charge
No liability to UK corporation tax arose for the year ended 31 December 2017 nor for the year ended 31 December 2016.

Reconciliation of total tax charge included in profit and loss
The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2017	2016
	£	£
Loss before tax	(77,881)	(163,854)
Loss multiplied by the standard rate of corporation tax in the UK of 19.250% (2016 - 20%)	(14,992)	(32,771)
Effects of:		
Losses carried forward	14,992	32,771
Total tax charge	-	-

A deferred tax asset amounting to £191,859 (2016: £78,620) relating to trading losses has not been recognised at 31 December 2017 given the uncertainty over future taxable profits.

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8. FIXED ASSET INVESTMENTS

	Shares in group undertakings £
COST	
At 1 January 2017 and 31 December 2017	5,050,297
PROVISIONS	
At 1 January 2017 and 31 December 2017	3,050,297
NET BOOK VALUE	
At 31 December 2017	2,000,000
At 31 December 2016	2,000,000

The company's investments at the Balance Sheet date in the share capital of companies include the following:

Capito Limited
Registered office: Caputhall Road, Deans, Livingston, EH54 8AS
Nature of business: Information communication technology services

Class of shares:	% holding
Ordinary Shares of 10p each	100.00

	2017 £	2016 £
Aggregate capital and reserves	1,666,160	1,489,778
Profit for the year	176,382	83,390

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017 £	2016 £
Other loans (see note 11)	120,000	175,000
Due to subsidiary company	1,381,819	1,290,560
Due to group undertakings	278,377	753,862
	1,780,196	2,219,422

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

The bank facilities are secured over the assets of Capito Limited and a cross guarantee supported by floating charges between Capito Holdings Limited and Capito Limited.

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10. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2017	2016
	£	£
Other loans (see note 11)	415,000	1,606,272

11. LOANS

An analysis of the maturity of loans is given below:

	2017	2016
	£	£
Amounts falling due within one year or on demand:		
Other loans	120,000	175,000
Amounts falling due between two and five years:		
Other loans - 2-5 years	415,000	1,606,272

12. SECURED DEBTS

The following secured debts are included within creditors:

	2017	2016
	£	£
Other loans	535,000	1,781,272

On 24 January 2017, £1,181,272 of 8.5% Fixed Rate secured loan notes issued to Murray Capital Limited were waived together with all accrued interest relating to these loan notes. At 31 December 2017, secured loan stock of £275,000 bearing interest at 8.5% was due to Murray Capital Limited (2016: £1,456,272) and is included within creditors falling due after more than one year.

Further secured loan stock of £200,000 bears interest at 8%. This loan stock is due to be repaid to Murray Capital Limited in three annual instalments. The outstanding balance at 31 December 2017 is £140,000 (2016: £140,000).

In March 2016, Murray Capital Limited provided further secured loan stock of £150,000 which bears interest at 8%. The outstanding balance at 31 December 2017 is £85,000 (2016: £150,000). This has been included within creditors falling due within one year.

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 stock fell due for repayment in three annual instalments, commencing December 2013. The outstanding balance at 31 December 2017 is £35,000 (2016: £35,000) which has been included within creditors falling due within one year.

continued...

13. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2017 £	2016 £
100,925	Ordinary Shares	10p	10,093	10,093
151,805	'A' Ordinary Shares	10p	15,181	15,181
1,677,000	Preference Shares	10p	167,700	167,700
			192,974	192,974

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 of otherwise the Company. The 'A' ordinary shares rank above the ordinary shares.

On 31 January 2017, the Company passed a special resolution to amend the redemption price of its preference shares to £0.298 per preference share.

14. RESERVES

	Retained earnings £	Share premium £	Other reserves £	Totals £
At 1 January 2017	(5,027,409)	3,008,745	-	(2,018,664)
Deficit for the year	(77,881)			(77,881)
Capital contribution	-	-	1,708,415	1,708,415
At 31 December 2017	(5,105,290)	3,008,745	1,708,415	(388,130)

Share premium represents the amounts received above nominal value for shares sold, less transaction costs.

On 24 January 2017, £1,181,272 of 8.5% Fixed Rate Secured Loan Notes issued to Murray Capital Limited were waived together with accrued interest relating to these Loan Notes totalling £527,413. This has been accounted for as a capital contribution within other reserves.

continued

15. RELATED PARTY DISCLOSURES

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

Included within creditors due within one year is an amount of £245,926 (2016: £743,647) due to Murray Capital Limited, the parent company of Capito Holdings Limited for monitoring fees and interest due on the loan stock. During the year, interest and monitoring fees of £74,719 (2016: £160,639) were charged to the company.

A balance of £12,885 (2016: £10,000) remains due to C Lennox, a wife of a director of Capito Holdings Limited, for interest due on her loan stock. During the year, interest of £3,101 (2016: £3,016) was charged on the loan stock.

16. ULTIMATE CONTROLLING PARTY

The ultimate parent under taking 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 26 Charlotte Square, Edinburgh EH2 4ET.