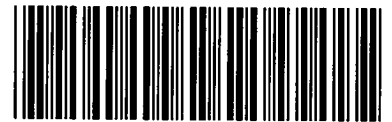


REGISTERED NUMBER: SC127071 (Scotland)

**Strategic Report, Report of the Directors and
Financial Statements
for the Year Ended 31 December 2016
for
Capito Limited**

TUESDAY



S66KKEBD

SCT

16/05/2017

#80

COMPANIES HOUSE

Capito Limited (Registered number: SC127071)

**Contents of the Financial Statements
for the Year Ended 31 December 2016**

	Page
Company Information	1
Strategic Report	2
Report of the Directors	3
Report of the Independent Auditors	5
Income Statement	7
Other Comprehensive Income	8
Balance Sheet	9
Statement of Changes in Equity	10
Notes to the Financial Statements	11

Capito Limited

**Company Information
for the Year Ended 31 December 2016**

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:	SC127071 (Scotland)
AUDITORS:	Campbell Dallas LLP Chartered Accountants Statutory Auditors Titanium 1 King's Inch Place Renfrew PA4 8WF
BANKERS:	Clydesdale Bank PLC 30 St Vincent Place Glasgow Lanarkshire G1 2HL

**Strategic Report
for the Year Ended 31 December 2016**

The directors present their strategic report for the year ended 31 December 2016.

REVIEW OF BUSINESS

The results for the year show an operating profit before non-recurring costs and tax of £143,927 (2015 - £155,958) on turnover of £4.78m (2015 - £5.14m). The company has a net balance sheet value of £1.490m at 31 December 2016 (2015 - £1.406m).

PRINCIPAL RISKS AND UNCERTAINTIES

The management of the business and the execution of the Company's strategy are subject to a number of risks.

The key business risks and uncertainties affecting the company are considered to be competition from ICT solutions providers and staff retention.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES


The Company's principal financial instruments are cash, debt discounting and general banking facilities, all of which are utilised to facilitate normal trading operations. The main risks from the Company's financial instruments are credit, liquidity and cash flow risk.

The Company mitigates credit risk by thorough credit vetting of clients prior to commencement of trade and periodically thereafter, systematic enforcement of credit limits and agreed payment terms and insuring of trade debt.

The Company mitigates liquidity risk through financing from a mix of shareholders' funds and bank borrowings. This mix of funding methods offers flexibility and cost effectiveness to match the needs of the Company.

The Company mitigates cash flow risk by discounting debt with a third party to ensure sufficient funding to satisfy creditors as they fall due, enforcement of customer credit limits and agreed payment terms.

ON BEHALF OF THE BOARD:


.....
Mrs A Burnside - Director

Date: 5th May 2017.....

**Report of the Directors
for the Year Ended 31 December 2016**

The directors present their report with the financial statements of the company for the year ended 31 December 2016.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of the provision of Information and Communication Technologies (ICT) services to Public and Private Sector Organisations. The Company continues to develop its strategic partnerships and to expand its business throughout the UK. There have not been any significant changes in the Company's principal activity in the year under review. At the date of this report the directors are not aware of any major changes in the Company's activity in the next year.

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.

As disclosed in the financial statements of Capito Holdings Limited, the directors are encouraged by the group's demonstration of its continuing support of the company and its parent entity through the balance sheet restructure it has initiated subsequent to the year end.

In light of the above, 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.

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2016.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2016 to the date of this report.

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

Other changes in directors holding office are as follows:

Mr M Gammie - resigned 8 April 2016
Mr K Wallace - resigned 31 January 2016

**Report of the Directors
for the Year Ended 31 December 2016**

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.

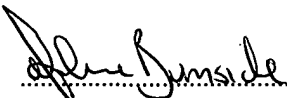
STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

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 auditors, Campbell Dallas LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:


.....
Mrs A Burnside - Director

Date: 8th May 2017

Report of the Independent Auditors to the Members of Capito Limited

We have audited the financial statements of Capito Limited for the year ended 31 December 2016 on pages seven to eighteen. 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), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page four, 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 Strategic Report and the Report of the Directors to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 2016 and of its profit 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 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.

**Report of the Independent Auditors to the Members of
Capito Limited**

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.



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

Date:12.5.2017.....

Capito Limited (Registered number: SC127071)

**Income Statement
for the Year Ended 31 December 2016**

	Notes	2016 £	2015 £
TURNOVER		4,780,017	5,137,022
Cost of sales		<u>3,555,206</u>	<u>3,951,833</u>
GROSS PROFIT		1,224,811	1,185,189
Administrative expenses		<u>1,080,884</u>	<u>1,029,231</u>
OPERATING PROFIT	4	143,927	155,958
Interest payable and similar expenses	5	<u>41,998</u>	<u>44,874</u>
PROFIT BEFORE TAXATION		101,929	111,084
Tax on profit	6	<u>18,539</u>	<u>27,922</u>
PROFIT FOR THE FINANCIAL YEAR		<u><u>83,390</u></u>	<u><u>83,162</u></u>

The notes form part of these financial statements

Capito Limited (Registered number: SC127071)

**Other Comprehensive Income
for the Year Ended 31 December 2016**

	Notes	2016 £	2015 £
PROFIT FOR THE YEAR		83,390	83,162
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>83,390</u>	<u>83,162</u>

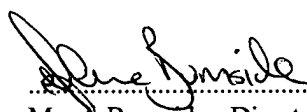
The notes form part of these financial statements

Capito Limited (Registered number: SC127071)

**Balance Sheet
31 December 2016**

		2016		2015	
	Notes	£	£	£	£
FIXED ASSETS					
Tangible assets	7		47,381		38,522
CURRENT ASSETS					
Stocks	8	3,038		41,793	
Debtors	9	2,043,209		2,421,752	
Cash at bank and in hand		9,292		46,723	
		<u>2,055,539</u>		<u>2,510,268</u>	
CREDITORS					
Amounts falling due within one year	10	613,142		1,142,402	
NET CURRENT ASSETS			<u>1,442,397</u>		<u>1,367,866</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>1,489,778</u>		<u>1,406,388</u>
CAPITAL AND RESERVES					
Called up share capital	14		68,378		68,378
Share premium	15		195,977		195,977
Capital redemption reserve	15		208,045		208,045
Retained earnings	15		1,017,378		933,988
SHAREHOLDERS' FUNDS			<u>1,489,778</u>		<u>1,406,388</u>

The financial statements were approved by the Board of Directors on 8th May 2017 and were signed on its behalf by:


.....
Mrs A Burnside - Director

The notes form part of these financial statements

Capito Limited (Registered number: SC127071)

**Statement of Changes in Equity
for the Year Ended 31 December 2016**

	Called up share capital £	Retained earnings £	Share premium £	Capital redemption reserve £	Total equity £
Balance at 1 January 2015	68,378	850,826	195,977	208,045	1,323,226
Changes in equity					
Total comprehensive income	-	83,162	-	-	83,162
Balance at 31 December 2015	68,378	933,988	195,977	208,045	1,406,388
Changes in equity					
Total comprehensive income	-	83,390	-	-	83,390
Balance at 31 December 2016	68,378	1,017,378	195,977	208,045	1,489,778

The notes form part of these financial statements

**Notes to the Financial Statements
for the Year Ended 31 December 2016**

1. STATUTORY INFORMATION

Capito 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.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

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. 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 confirmations 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 exemption 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.

Related party exemption

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.

Turnover

Turnover, which is stated net of value added tax, represents amounts invoiced to third parties.

Turnover is recognised at the point at which the risks and rewards of ownership are transferred to the third party.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Plant and machinery	- 20% on reducing balance
Fixtures and fittings	- 25% on cost, 25% on reducing balance and 20% on reducing balance
Motor vehicles	- 25% on reducing balance

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2016**

2. ACCOUNTING POLICIES - continued

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

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

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.

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

3. EMPLOYEES AND DIRECTORS

	2016	2015
	£	£
Wages and salaries	1,235,438	1,344,183
Social security costs	121,831	129,107
Other pension costs	32,090	31,312
	<u>1,389,359</u>	<u>1,504,602</u>

Notes to the Financial Statements - continued
for the Year Ended 31 December 2016

3. **EMPLOYEES AND DIRECTORS - continued**

The average monthly number of employees during the year was as follows:

	2016	2015
Administration	16	13
Sales/technical	30	35
	<u>46</u>	<u>48</u>
	2016	2015
	£	£
Directors' remuneration	207,722	329,814
Directors' pension contributions to money purchase schemes	<u>6,951</u>	<u>8,386</u>

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	<u>5</u>	<u>5</u>
------------------------	----------	----------

Information regarding the highest paid director is as follows:

	2016	2015
	£	£
Emoluments etc	91,674	98,428
Pension contributions to money purchase schemes	<u>2,463</u>	<u>4,449</u>

4. **OPERATING PROFIT**

The operating profit is stated after charging:

	2016	2015
	£	£
Hire of plant and machinery	194,032	205,069
Depreciation - owned assets	16,782	29,606
Loss on disposal of fixed assets	510	-
Auditors' remuneration	<u>13,750</u>	<u>12,500</u>

5. **INTEREST PAYABLE AND SIMILAR EXPENSES**

	2016	2015
	£	£
Bank interest	11,231	11,115
Interest Payable	774	981
Factoring charges	<u>29,993</u>	<u>32,778</u>
	<u>41,998</u>	<u>44,874</u>

Notes to the Financial Statements - continued
for the Year Ended 31 December 2016

6. TAXATION

Analysis of the tax charge

The tax charge on the profit for the year was as follows:

	2016	2015
	£	£
Deferred tax	18,539	27,922
Tax on profit	18,539	27,922

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	2016	2015
	£	£
Profit before tax	101,929	111,084
Profit multiplied by the standard rate of corporation tax in the UK of 20% (2015 - 20.250%)	20,386	22,495
Effects of:		
Expenses not deductible for tax purposes	790	224
Adjustments to tax charge in respect of previous periods differences	-	(567)
Timing differences	(2,637)	5,770
Total tax charge	18,539	27,922

Notes to the Financial Statements - continued
for the Year Ended 31 December 2016

7. TANGIBLE FIXED ASSETS

	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Totals £
COST				
At 1 January 2016	32,898	932,820	7,850	973,568
Additions	-	26,250	-	26,250
Disposals	-	-	(7,850)	(7,850)
At 31 December 2016	32,898	959,070	-	991,968
DEPRECIATION				
At 1 January 2016	25,845	902,031	7,170	935,046
Charge for year	1,411	15,300	71	16,782
Eliminated on disposal	-	-	(7,241)	(7,241)
At 31 December 2016	27,256	917,331	-	944,587
NET BOOK VALUE				
At 31 December 2016	5,642	41,739	-	47,381
At 31 December 2015	7,053	30,789	680	38,522

8. STOCKS

	2016 £	2015 £
Finished goods	3,038	41,793

9. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016 £	2015 £
Trade debtors	636,641	646,719
Due from related parties	52	18,643
Due from parent company	1,290,560	1,423,451
Deferred tax asset	56,172	74,711
Prepayments and accrued income	59,784	258,228
	2,043,209	2,421,752

Interest is not charged on inter-company balances and there is no fixed repayment date.

Notes to the Financial Statements - continued
for the Year Ended 31 December 2016

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016	2015
	£	£
Trade creditors	131,734	538,581
Social security and other taxes	36,214	45,542
VAT	72,445	95,132
Other creditors	27,795	27,834
Due Under Invoice Financing	240,961	51,347
Accruals and deferred income	103,993	383,966
	<u>613,142</u>	<u>1,142,402</u>

11. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2016	2015
	£	£
Within one year	120,146	148,158
Between one and five years	376,900	65,091
	<u>497,046</u>	<u>213,249</u>

12. SECURED DEBTS

The following secured debts are included within creditors:

	2016	2015
	£	£
Invoice financing agreement	<u>240,961</u>	<u>51,347</u>

The amount under an invoice financing agreement is secured by a first charge over trade debtors. The company has granted to its bankers a bond and floating charge over all of the assets of the company and of its parent.

13. DEFERRED TAX

	£
Balance at 1 January 2016	(74,711)
Charge to Income Statement during year	<u>18,539</u>
Balance at 31 December 2016	<u>(56,172)</u>

Deferred tax is in relation to the origination and reversal of timing differences.

Notes to the Financial Statements - continued
for the Year Ended 31 December 2016

14. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:		Nominal value:	2016	2015
Number:	Class:		£	£
683,778	Ordinary shares	10p	<u>68,378</u>	<u>68,378</u>

15. RESERVES

	Retained earnings £	Share premium £	Capital redemption reserve £	Totals £
At 1 January 2016	933,988	195,977	208,045	1,338,010
Profit for the year	83,390			83,390
At 31 December 2016	<u>1,017,378</u>	<u>195,977</u>	<u>208,045</u>	<u>1,421,400</u>

16. PENSION COMMITMENTS

The Company operates defined contribution pension schemes for its directors and employees. The assets of the schemes are held separately from those of the Company in independently administered funds. The cost of contributions made by the Company during the year ended 31 December 2016 was £32,090 (2015: £31,312). There were no unpaid contributions outstanding at 31 December 2016 (31 December 2015: £Nil).

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2016**

17. 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.

During the year Capito Limited entered into sales transactions in the ordinary course of business with related parties as follows:

	Profit & loss account 2016 £	Amounts owed by related parties 2016 £	Profit & loss account 2015 £	Amounts owed by related parties 2015 £
Related parties of Murray Capital Group Limited:				
Hillfoot Steel Limited	-	-	9,008	-
Ireland Alloys Limited	-	-	25,673	-
Multi Metals Limited	-	-	2,545	-
Murray Estates Limited	2,083	52	2,075	-
Murray Capital Limited	14,021	-	17,476	686
Murray Metals Limited	2,500	-	22,216	-
Murray Plate Group Limited	-	-	8,098	866
New Brannock Limited	849	-	-	-
David D Murray	-	-	251	-

18. ULTIMATE CONTROLLING PARTY

The immediate parent undertaking is Capito Holdings Limited. 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 Limited are consolidated is that headed by Murray Capital Group Limited.

Copies of Murray Capital Group Limited consolidated financial statements can be obtained from the company secretary at 26 Charlotte Square, Edinburgh, EH2 4ET.