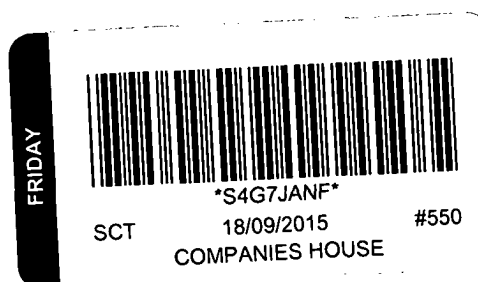


**Strategic Report, Report of the Directors and
Financial Statements
for the Year Ended 31 December 2014
for
Capito Limited**



Capito Limited

Contents of the Financial Statements for the Year Ended 31 December 2014

	Page
Company Information	1
Strategic Report	2
Report of the Directors	3
Report of the Independent Auditors	5
Profit and Loss Account	7
Balance Sheet	8
Notes to the Financial Statements	9

Capito Limited (Registered number: SC127071)

**Company Information
for the Year Ended 31 December 2014**

DIRECTORS:

Mrs A Burnside
M Gammie
C Lennox
A Middleton
K Wallace
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 2014**

The directors present their strategic report for the year ended 31 December 2014.

REVIEW OF BUSINESS

The results for the year show an operating profit before non-recurring costs of £174,194 (2013 - £370,568) on turnover of £7.21m (2013 - £7.32m). The company has a net balance sheet value of £1.323m at 31 December 2014 (2013 - £1.343m).

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: 15/09/15

**Report of the Directors
for the Year Ended 31 December 2014**

The directors present their report with the financial statements of the company for the year ended 31 December 2014.

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 the 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.

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2014.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2014 to the date of this report.

Mrs A Burnside
M Gammie
C Lennox
A Middleton
K Wallace

Other changes in directors holding office are as follows:

A Quinn was appointed as a director after 31 December 2014 but prior to the date of this report.

**Report of the Directors
for the Year Ended 31 December 2014**

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing 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.

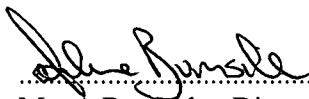
STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

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: 15/09/15

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 2014 on pages seven to fifteen. 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 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 2014 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 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:16.9.2015.....

Capito Limited (Registered number: SC127071)

**Profit and Loss Account
for the Year Ended 31 December 2014**

	Notes	2014 £	2013 £
TURNOVER		7,213,319	7,323,414
Cost of sales		<u>5,957,714</u>	<u>5,974,232</u>
GROSS PROFIT		1,255,605	1,349,182
Administrative expenses		1,081,411	978,665
Operating profit before non recurring costs		174,194	370,517
Non recurring costs		<u>139,208</u>	<u>-</u>
OPERATING PROFIT	3	34,986	370,517
Interest receivable and similar income		<u>-</u>	<u>51</u>
		34,986	370,568
Interest payable and similar charges	5	<u>51,668</u>	<u>48,496</u>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(16,682)	322,072
Tax on (loss)/profit on ordinary activities	6	<u>3,120</u>	<u>(105,753)</u>
(LOSS)/PROFIT FOR THE FINANCIAL YEAR		<u>(19,802)</u>	<u>427,825</u>

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current year or previous year.

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the loss for the current year and the profit for the previous year.

The notes form part of these financial statements

Capito Limited (Registered number: SC127071)

**Balance Sheet
31 December 2014**

		2014	2013
	Notes	£	£
FIXED ASSETS			
Tangible assets	7	46,853	81,001
CURRENT ASSETS			
Stocks	8	33,528	67,039
Debtors	9	2,795,758	3,191,809
Cash at bank and in hand		<u>13,492</u>	<u>40</u>
		2,842,778	3,258,888
CREDITORS			
Amounts falling due within one year	10	<u>1,566,405</u>	<u>1,996,861</u>
NET CURRENT ASSETS		<u>1,276,373</u>	<u>1,262,027</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,323,226</u>	<u>1,343,028</u>
CAPITAL AND RESERVES			
Called up share capital	15	68,378	68,378
Share premium	16	195,977	195,977
Capital redemption reserve	16	208,045	208,045
Profit and loss account	16	<u>850,826</u>	<u>870,628</u>
SHAREHOLDERS' FUNDS	20	<u>1,323,226</u>	<u>1,343,028</u>

The financial statements were approved by the Board of Directors on15/09/15..... and were signed on its behalf by:


.....
Mrs A Burnside - Director

The notes form part of these financial statements

**Notes to the Financial Statements
for the Year Ended 31 December 2014**

1. ACCOUNTING POLICIES

Accounting convention

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 number 1

Exemption has been taken from preparing a cash flow statement on the grounds that the parent company includes the subsidiary in its published financial statements.

Related party exemption

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 8 Related Party Disclosures, 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

Stocks

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

Notes to the Financial Statements - continued
for the Year Ended 31 December 2014

1. **ACCOUNTING POLICIES - continued**

Deferred tax

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 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.

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to the profit and loss account 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 the profit and loss account in the period to which they relate.

2. **STAFF COSTS**

	2014 £	2013 £
Wages and salaries	1,385,914	1,422,039
Social security costs	133,879	139,913
Other pension costs	<u>25,643</u>	<u>27,255</u>
	<u>1,545,436</u>	<u>1,589,207</u>

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

	2014	2013
Administration	11	14
Sales/technical	<u>39</u>	<u>39</u>
	<u>50</u>	<u>53</u>

3. **OPERATING PROFIT**

The operating profit is stated after charging:

	2014 £	2013 £
Hire of plant and machinery	46,571	69,548
Other operating leases	112,038	110,000
Depreciation - owned assets	44,196	48,951
Auditors' remuneration	<u>12,500</u>	<u>12,500</u>

Notes to the Financial Statements - continued
for the Year Ended 31 December 2014

3. OPERATING PROFIT - continued

Directors' remuneration	322,499	118,493
Directors' pension contributions to money purchase schemes	<u>6,777</u>	<u>2,189</u>

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

Money purchase schemes	<u>3</u>	<u>1</u>
------------------------	----------	----------

Information regarding the highest paid director for the year ended 31 December 2014 is as follows:

	2014
	£
Emoluments etc	<u>99,567</u>

4. NON RECURRING COSTS

The operating profit is stated after a non-recurring cost of £139,208 relating to a stock loss.

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2014	2013
	£	£
Bank interest	10,000	1,430
Interest Payable	1,006	-
Factoring charges	<u>40,662</u>	<u>47,066</u>
	<u>51,668</u>	<u>48,496</u>

6. TAXATION

Analysis of the tax charge/(credit)

The tax charge/(credit) on the loss on ordinary activities for the year was as follows:

	2014	2013
	£	£
Deferred tax	<u>3,120</u>	<u>(105,753)</u>
Tax on (loss)/profit on ordinary activities	<u>3,120</u>	<u>(105,753)</u>

UK corporation tax has been charged at 21.49% (2013 - 23.25%).

Notes to the Financial Statements - continued
for the Year Ended 31 December 2014

6. TAXATION - continued

Factors affecting the tax charge/(credit)

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

	2014 £	2013 £
(Loss)/profit on ordinary activities before tax	<u>(16,682)</u>	<u>322,072</u>
(Loss)/profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 21.490% (2013 - 23.250%)	(3,585)	74,882
Effects of:		
Expenses not deductible for tax purposes	1,837	1,124
Capital allowances in excess of depreciation	(304)	(809)
Utilisation of tax losses	-	(74,035)
Other short term timing differences	-	(1,162)
Unutilised tax losses	<u>2,052</u>	<u>-</u>
Current tax charge/(credit)	<u>-</u>	<u>-</u>

7. TANGIBLE FIXED ASSETS

	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Totals £
COST				
At 1 January 2014	27,648	906,747	7,850	942,245
Additions	<u>-</u>	<u>10,048</u>	<u>-</u>	<u>10,048</u>
At 31 December 2014	<u>27,648</u>	<u>916,795</u>	<u>7,850</u>	<u>952,293</u>
DEPRECIATION				
At 1 January 2014	24,116	830,486	6,642	861,244
Charge for year	<u>1,278</u>	<u>42,616</u>	<u>302</u>	<u>44,196</u>
At 31 December 2014	<u>25,394</u>	<u>873,102</u>	<u>6,944</u>	<u>905,440</u>
NET BOOK VALUE				
At 31 December 2014	<u>2,254</u>	<u>43,693</u>	<u>906</u>	<u>46,853</u>
At 31 December 2013	<u>3,532</u>	<u>76,261</u>	<u>1,208</u>	<u>81,001</u>

8. STOCKS

	2014 £	2013 £
Finished goods	<u>33,528</u>	<u>67,039</u>

Notes to the Financial Statements - continued
for the Year Ended 31 December 2014

9. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2014 £	2013 £
Trade debtors	913,189	1,535,579
Due from related parties	20,428	32,492
Due from parent company	1,405,909	1,334,663
Deferred tax asset	102,633	105,753
Prepayments and accrued income	353,599	183,322
	<u>2,795,758</u>	<u>3,191,809</u>

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

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2014 £	2013 £
Bank loans and overdrafts (see note 11)	-	187,193
Trade creditors	710,341	813,408
Social security and other taxes	41,896	40,437
VAT	111,050	140,212
Due Under Invoice Financing	92,066	220,868
Dividend Payable	-	3,218
Accruals and deferred income	611,052	591,525
	<u>1,566,405</u>	<u>1,996,861</u>

11. LOANS

An analysis of the maturity of loans is given below:

	2014 £	2013 £
Amounts falling due within one year or on demand:		
Bank overdrafts	<u>-</u>	<u>187,193</u>

12. OPERATING LEASE COMMITMENTS

The following operating lease payments are committed to be paid within one year:

	Land and buildings		Other operating leases	
	2014 £	2013 £	2014 £	2013 £
Expiring:				
Within one year	-	-	3,297	9,663
Between one and five years	125,000	110,000	27,831	26,603
	<u>125,000</u>	<u>110,000</u>	<u>31,128</u>	<u>36,266</u>

Notes to the Financial Statements - continued
for the Year Ended 31 December 2014

13. SECURED DEBTS

The following secured debts are included within creditors:

	2014 £	2013 £
Invoice financing agreement	<u>92,066</u>	<u>220,868</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.

14. DEFERRED TAX

	£
Balance at 1 January 2014	(105,753)
Provided during year	<u>3,120</u>
Balance at 31 December 2014	<u>(102,633)</u>

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

15. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:			2014	2013
Number:	Class:	Nominal value:	£	£
683,778	Ordinary shares	10p	<u>68,378</u>	<u>68,378</u>

16. RESERVES

	Profit and loss account £	Share premium £	Capital redemption reserve £	Totals £
At 1 January 2014	870,628	195,977	208,045	1,274,650
Deficit for the year	<u>(19,802)</u>			<u>(19,802)</u>
At 31 December 2014	<u>850,826</u>	<u>195,977</u>	<u>208,045</u>	<u>1,254,848</u>

17. 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 2014 was £25,643 (2013: £27,255). There were no unpaid contributions outstanding at 31 December 2014 (31 December 2013: £Nil).

Notes to the Financial Statements - continued
for the Year Ended 31 December 2014

18. RELATED PARTY DISCLOSURES

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 8 Related Party Disclosures, 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 2014 £	Amounts owed owed by related parties 2014 £	Profit & loss account 2013 £	Amounts owed owed by related parties 2013 £
Related parties of Murray Capital Group Limited:				
Argyle Consulting Limited	2,730	-	16,061	-
Brand Rex Limited	63,888	14,990	51,522	31,630
Hillfoot Steel Limited	5,740	980	12,600	-
Ireland Alloys Limited	10,559	-	8,205	-
Multi Metals Limited	7,586	278	3,791	-
Murray Estates Limited	5,893	108	35	-
Murray Group Holdings	54,455	-	86,561	-
Murray Capital Limited	22,787	1,214	4,806	-
Murray Metals Limited	13,714	1,000	27,538	-
Murray Plate Group Limited	28,993	1,858	10,559	(1,300)
Premier Alloys Limited	-	-	10,414	-
Premier Property Group	429	-	1,335	-
Quality Link Recruitment Limited	-	-	7,094	2,162

19. 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.

20. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2014 £	2013 £
(Loss)/profit for the financial year	(19,802)	427,825
Net (reduction)/addition to shareholders' funds	(19,802)	427,825
Opening shareholders' funds	1,343,028	915,203
Closing shareholders' funds	1,323,226	1,343,028