

Registered Number 03798248

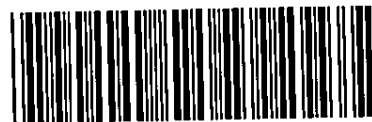
**Capcon Limited**

Report and Financial Statements

Year Ended

30 September 2007

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**BDO Stoy Hayward**  
Chartered Accountants

**Capcon Limited**

**Annual report and financial statements for the year ended 30 September 2007**

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**Directors**

C J Cavender  
R K Dulieu  
S J Wright  
P F Jackson

**Secretary and registered office**

C J Cavender 82 St John Street London, EC1M 4JN

**Company number**

03798248

**Auditors**

BDO Stoy Hayward LLP 55 Baker Street London W1U 7EU

## **Capcon Limited**

### **Report of the directors for the year ended 30 September 2007**

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The directors present their report together with the audited financial statements for the year ended 30 September 2007

#### **Results and dividends**

The profit and loss account is set out on page 4 and shows the loss for the year

The directors do not recommend the payment of a dividend

#### **Principal activities and trading review**

The company's principal activities in the period were the provision of audit and stocktaking services, commercial and insurance investigations, and surveillance services

Actions taken have improved the trading prospects for the company and this year has seen a return to operating profit before interest and taxation

The Directors are satisfied with the result for the year

#### **Directors**

The directors of the company during the year were

C J Cavender  
R K Dulieu  
S J Wright  
P F Jackson

### Directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice

Company law requires the directors to prepare financial statements for each financial year which 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 judgments and 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 proper accounting records that 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 1985. 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.

### Auditors

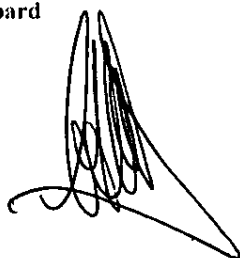
All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

The Company has elected to dispense with the obligation to appoint auditors annually and accordingly BDO Stoy Hayward LLP shall be deemed to be re-appointed as auditors for a further term under the provisions of section 386(2) of the Companies Act 1985.

The directors' report has been prepared in accordance with the special provisions of part VII of the Companies Act 1985 relating to small companies.

By order of the Board

C J Cavender  
Secretary



25 July 2008

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CAPCON LIMITED**  
**For the year ended 30 September 2007**

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We have audited the financial statements of Capcon Limited for the year ended 30 September 2007 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

*Respective responsibilities of directors and auditors*

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and have been properly prepared in accordance with the Companies Act 1985 and whether the information given in the Directors' Report is consistent with those financial statements. We also report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

*Basis of audit opinion*

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

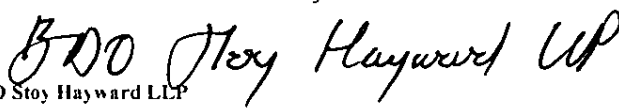
*Opinion*

In our opinion:

- the financial statements give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice of the state of the company's affairs as at 30 September 2007 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

*Emphasis of matter – going concern*

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosures made in note 1 to the financial statements concerning the uncertainty as to the ability of the ultimate parent company to continue as a going concern and, in this respect, uncertainty as to its ability to provide continuing financial support to the company. The Company had net current liabilities at the year end and is dependant on the continuing support of its parent company. These conditions indicate the existence of a material uncertainty which may cast significant doubt over the Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Company was unable to continue as a going concern.

  
BDO Moy Hayward LLP  
Chartered Accountants and  
Registered Auditors  
London

28 July 2008

**Capcon Limited**

**Profit and loss account for year ended 30 September 2007**

	Note	2007	2006
		£	£
Turnover			
Continuing operations		3,413,618	3,349,582
Discontinued operations		-	209,465
<b>Turnover</b>	<b>2</b>	<b>3,413,618</b>	<b>3,559,047</b>
Cost of sales		(2,268,110)	(2,668,278)
<b>Gross profit</b>		<b>1,145,508</b>	<b>890,769</b>
Administrative expenses		(1,013,055)	(1,471,292)
Provision against amounts due from group undertaking		-	(306,903)
Amortisation and impairment of goodwill		(101,808)	(151,808)
Total administrative expenses		(1,114,863)	(1,930,003)
Operating profit/(loss)			
Continuing operations		30,645	(346,084)
Discontinued operations		-	(693,150)
<b>Operating profit/(loss)</b>	<b>3</b>	<b>30,645</b>	<b>(1,039,234)</b>
Interest receivable		41	485
Interest payable and similar charges	<b>6</b>	(101,234)	(98,045)
<b>Loss on ordinary activities before taxation</b>		<b>(70,548)</b>	<b>(1,136,794)</b>
Taxation on loss from ordinary activities	<b>7</b>	-	19,352
<b>Loss on ordinary activities after taxation</b>		<b>(70,548)</b>	<b>(1,117,442)</b>

All recognised gains and losses and other movements in shareholders funds are included in the profit and loss account

The notes on pages 6 to 15 form part of these financial statements

**Capcon Limited**

**Balance sheet at 30 September 2007**

	Note	30 September 2007		30 September 2006	
		£	£	£	£
<b>Fixed assets</b>					
Intangible fixed asset	8	1,323,456		1,425,264	
Tangible fixed assets	9	62,482		112,573	
			<u>1,385,938</u>		<u>1,537,837</u>
<b>Current assets</b>					
Debtors	10	770,019		837,543	
Cash at bank and in hand		35		1,088	
			<u>770,054</u>		<u>838,631</u>
<b>Creditors' amounts falling due within one year</b>	11	<u>(3,332,299)</u>		<u>(3,473,034)</u>	
<b>Net current liabilities</b>			<u>(2,562,245)</u>		<u>(2,634,403)</u>
<b>Total assets less current liabilities</b>			<u>(1,176,307)</u>		<u>(1,096,566)</u>
<b>Creditors' amounts falling due after one year</b>	11		<u>(7,070)</u>		<u>(16,263)</u>
<b>Net liabilities</b>			<u><u>(1,183,377)</u></u>		<u><u>(1,112,829)</u></u>
<b>Capital and reserves</b>					
Called up share capital	13		10,000		10,000
Share premium account	14		990,000		990,000
Profit and loss account	14		<u>(2,183,377)</u>		<u>(2,112,829)</u>
<b>Shareholders' deficit</b>			<u><u>(1,183,377)</u></u>		<u><u>(1,112,829)</u></u>

The financial statements were approved by the Board and authorised for issue on 25 July 2008

C. J Cavender  
Director



The notes on pages 6 to 15 form part of these financial statements

**1 Accounting policies**

**1.1 Basis of preparation**

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards and under the historical cost accounting convention

The principle accounting policies are set out below and have been reviewed in accordance with FRS 18 'Accounting Policies'

The company has taken advantage of S228 of the Companies Act 1985 and has not prepared group accounts. Accordingly, these financial statements present information about the company only and not about its group.

**1.2 Going concern**

The financial statements have been prepared on a going concern basis as the parent company, Capcon Holdings Plc, has agreed to provide continued financial support to the company for at least twelve months from the date of the approval of these accounts.

The financial statements of Capcon Holdings Plc for the year ended 30 September 2007 disclose uncertainties with regard to the ability of Capcon Holdings Plc to continue as a going concern. This gives rise to uncertainty over the ability of Capcon Holdings plc to provide the continued financial support to the company.

As a result, there is material uncertainty over the ability of the company to continue as a going concern as the company is reliant on the ongoing financial support of Capcon Holdings plc.

The management of Capcon Holdings plc continues to actively pursue the resolution of the uncertainties disclosed in its financial statements in order that the financing of the group can be secured. In view of the actions being taken by Capcon Holdings plc and the undertaking it has given to provide continued financial support to the company, the directors believe that it remains appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would result from this basis of preparation being inappropriate.

**1.3 Turnover**

Turnover comprises amounts receivable for goods and services provided in the normal course of business, exclusive of value added tax and after deduction of trade discounts. Turnover is recognised in line with delivery of service. Turnover is entirely attributable to the Company's principal activities.

**1.4 Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets less their estimated residual value over their expected useful lives on the following bases:

Motor Vehicles - 25% straight line

Fixtures, fittings and equipment - 25% straight line

**1.5 Leased Assets**

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and depreciated over their estimated useful lives. The interest element of leasing payments represents a constant proportion of the capital base outstanding and is charged to the profit and loss account over the period of the lease. All other leases are regarded as operating leases and the payments made under them are charged to the profit and loss account on a straight-line basis over the lease term.

Deferred tax assets and liabilities are not discounted to the extent that it is regarded as more likely than not that they will be recovered.



**1 Accounting policies (Continued)**

**1.6 Deferred taxation**

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, at a future date, at rates expected to apply when they crystallise, based on 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 the financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

**1.7 Foreign currencies**

Transactions denominated in foreign currencies are translated into sterling at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated at the rates ruling at that date. All differences are dealt with in the profit and loss account.

**1.8 Pension costs**

Pension costs relate to a defined contribution scheme and are accounted for as they become payable.

**1.9 Goodwill**

Goodwill arising on an acquisition of a subsidiary undertaking is the difference between the fair value of the consideration paid and the fair value of the assets and liabilities acquired. It is capitalised and amortised through the profit and loss account over its useful economic life of 20 years. Impairment tests on the carrying value of goodwill are undertaken:

- at the end of the first full financial year following acquisition,
- in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

**1.10 Invoice Discounting**

The company discounts its trade debts. The accounting policy is to include trade debt within trade debtors due within one year and record cash advances within creditors due within one year. Discounting fees and interest are charged to the profit and loss account when incurred. Bad debts are borne by the company and are charged to the profit and loss account when incurred.

**2 Turnover**

Turnover is wholly attributable to the principal activity of the company. The analysis of turnover by geographical market required by paragraph 55 of schedule 4 of the Companies Act 1985 has not been provided as, in the opinion of the directors, such disclosure would be seriously prejudicial to the interests of the company.

Prior year figures include the following amounts for discontinued operations relating to the Capcon Vincent Sherman business: Cost of sales £232,143, Administration expenses £313,569 and operating loss of £336,247.

**Capcon Limited**

**Notes forming part of the financial statements for the year ended 30 September 2007 (Continued)**

	2007 £	2006 £
<b>3 Operating profit/(loss)</b>		
This is arrived at after charging/(crediting)		
Amortisation of goodwill	101,808	110 475
Impairment of goodwill	-	41 333
Depreciation of tangible fixed assets		
- owned by the company	49,021	94,665
- leased assets	13,958	17 751
Operating leases - equipment	251 072	381 233
Operating leases - land & buildings	63,197	65 223
Audit services to the company	31,000	44,000
Provision against amount due from group undertaking	-	306 903
Management charges receivable	(99,456)	(516 495)
	<u>          </u>	<u>          </u>

	2007 £	2006 £
<b>4 Employees</b>		
Staff costs including directors' remuneration, consist of		
Wages and salaries	1,857 272	2,542,290
Social security costs	184,432	276 362
Other pension costs	64,770	87 351
	<u>          </u>	<u>          </u>
	2 106 474	2 906 003
	<u>          </u>	<u>          </u>

The average number of employees during the year was as follows

	Number	Number
Administration and management	22	37
Operations	60	72
	<u>          </u>	<u>          </u>
	82	109
	<u>          </u>	<u>          </u>

**Capcon Limited**

**Notes forming part of the financial statements for the year ended 30 September 2007 (Continued)**

<b>5 Directors</b>	<b>2007 £</b>	<b>2006 £</b>
Directors' remuneration consists of		
Fees and emoluments for management services	167,463	190,902
Payments to defined contribution pension scheme	10,561	8,972
	<u>178,024</u>	<u>199,874</u>

There were three directors in the company's defined contribution pension scheme during the year (2006 - three)

	<b>2007 £</b>	<b>2006 £</b>
The remuneration of the highest paid director who served during the period was as follows		
Salary and emoluments	76,049	76,056
Payments to defined contribution pension scheme	3,264	3,264
	<u>79,313</u>	<u>79,320</u>

<b>6 Interest payable and similar charges</b>	<b>2007 £</b>	<b>2006 £</b>
Bank overdrafts	48,799	29,974
Invoice discounting facilities	34,722	37,551
Finance leases	2,325	3,962
Other	15,388	26,558
	<u>101,234</u>	<u>98,045</u>

**Capcon Limited**

**Notes forming part of the financial statements for the year ended 30 September 2007 (Continued)**

**7 Taxation on profit from ordinary activities**

	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
Total current tax	-	-
<i>Deferred tax</i>		
Origination and reversal of timing differences	-	(19,352)
	<u>-</u>	<u>(19,352)</u>
Taxation on loss on ordinary activities	-	(19,352)
	<u>-</u>	<u>(19,352)</u>

The tax assessed for the year differs from the standard rate of corporation tax in the UK. The differences are explained below:

	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
Loss on ordinary activities before tax	(70,548)	(1,136,794)
	<u>(70,548)</u>	<u>(1,136,794)</u>
Loss on ordinary activities at the standard rate of corporation tax in the UK of 30% (2005 – 30%)	(21,164)	(341,038)
Effects of:		
Expenses not deductible for tax purposes	35,687	176,192
Capital allowances for year in excess of depreciation	(1,754)	31,810
Other timing differences	-	17,078
Tax losses carried forward / (utilised)	(12,769)	115,958
Adjustments to tax charge in respect of prior periods	-	-
	<u>-</u>	<u>-</u>
Current tax credit for year	-	-
	<u>-</u>	<u>-</u>

There were no significant factors that may affect future charges other than the availability of tax losses (note 12).

**Capcon Limited**

**Notes forming part of the financial statements for the year ended 30 September 2007 (Continued)**

**8 Intangible fixed assets**

	<b>Goodwill £</b>
Cost or valuation <b>At 1 October 2006 and 30 September 2007</b>	<b>2,899,270</b>
Amortisation and impairment At 1 October 2006	1,474 006
Charge for the year	101 808
<b>At 30 September 2007</b>	<b>1,575,814</b>
Net book value <b>At 30 September 2007</b>	<b>1,323,456</b>
At 30 September 2006	1,425 264

**Capcon Limited**

Notes forming part of the financial statements for the year ended 30 September 2007 (*Continued*)

**9 Tangible assets**

	<b>Motor vehicles £</b>	<b>Fixtures, fittings and equipment £</b>	<b>Total £</b>
Cost or valuation			
At 1 October 2006	1	281,423	281,424
Additions	-	12,888	12,888
Disposals	-	(92,825)	(92,825)
	<hr/>	<hr/>	<hr/>
<b>At 30 September 2007</b>	<b>1</b>	<b>201,486</b>	<b>201,487</b>
	<hr/>	<hr/>	<hr/>
Depreciation			
At 1 October 2006	-	168,851	168,851
Provided for the year	-	62,979	62,979
Disposals	-	(92,825)	(92,825)
	<hr/>	<hr/>	<hr/>
<b>At 30 September 2006</b>	<b>-</b>	<b>139,005</b>	<b>139,005</b>
	<hr/>	<hr/>	<hr/>
Net book value			
<b>At 30 September 2007</b>	<b>1</b>	<b>62,481</b>	<b>62,482</b>
	<hr/>	<hr/>	<hr/>
At 30 September 2006	1	112,572	112,573
	<hr/>	<hr/>	<hr/>

The net book value of assets held under hire purchase agreements and finance leases was £14,706 (2006 £28,664)

**10 Debtors**

	<b>2007 £</b>	<b>2006 £</b>
Trade debtors	463,208	480,666
Other debtors	83,442	81,183
Prepayments and accrued income	223,369	275,694
	<hr/>	<hr/>
	<b>770,019</b>	<b>837,543</b>
	<hr/>	<hr/>

All amounts shown under debtors fall due for payment within one year

**Capcon Limited**

Notes forming part of the financial statements for the year ended 30 September 2007 (Continued)

**11 Creditors**

**(a) Amounts falling due within one year**

	2007 £	2006 £
Bank loan	648	7 335
Bank overdraft	525 778	282 688
Invoice discounting facility	352 056	308 874
Trade creditors	184 603	296 243
Taxation and social security	320,206	500 282
Corporation Tax	-	-
Amounts due to group undertakings	1 463,797	1 653 677
Amounts due under hire purchase and finance leases	8,545	16 265
Accruals and deferred income	333,261	270 907
Other creditors	143 405	136 763
	<u>3,332 299</u>	<u>3 473 034</u>

**(b) Amounts falling due after more than one year**

	2007 £	2006 £
Bank loans	-	648
Obligations under finance leases and hire purchase contracts	7 070	15 615
	<u>7,070</u>	<u>16 263</u>

The bank overdrafts are secured by a floating charge over the assets of the company and the group

Obligations under hire purchase agreements and finance leases totalling £15,615 (2006 - £31 880) are secured on the assets they finance

**12 Provisions for liabilities and charges**

**Deferred tax**

	2007 £	2006 £
At 1 October 2006	-	19 352
Movements	-	(19 352)
	<u>-</u>	<u>-</u>
At 30 September 2007	-	-

Deferred tax arises as a result of accelerated capital allowances

A deferred tax asset has not been recognised in respect of taxable losses. The estimated value of the deferred tax asset not recognised measured at a standard rate of 30%, is £224,090 (2006 £236 846). This is recoverable against future taxable profits of the relevant trading activity the timing of which is uncertain.

**Capcon Limited**

**Notes forming part of the financial statements for the year ended 30 September 2007 (Continued)**

**13 Share capital**

**Authorised**

	<b>2007 Number</b>	<b>2006 Number</b>	<b>2007 £</b>	<b>2006 £</b>
Ordinary shares of 1p each	1,000,000	1,000 000	10,000	10 000

**Allotted, called up and fully paid**

	<b>2007 Number</b>	<b>2006 Number</b>	<b>2007 £</b>	<b>2006 £</b>
Ordinary shares of 1p each	1,000,000	1,000 000	10,000	10 000

**14 Reserves**

	<b>Share premium account £</b>	<b>Profit and loss reserve £</b>
At 1 October 2006	990 000	(2,112 829)
Retained loss for the financial year	-	(70 548)
At 30 September 2007	990,000	(2,183 377)

**15 Commitments under operating leases**

As at 30 September 2007, the company had annual commitments under non-cancellable operating leases as set out below

	<b>2007 Land and buildings £</b>	<b>2007 Other £</b>	<b>2006 Land and buildings £</b>	<b>2006 Other £</b>
Operating leases which expires				
Within one year	-	74,932	82 734	82,048
In two to five years	7,356	144,927	7,200	160 471
After five years	11,550	-	11 550	-

**16 Contingent liability**

The company has guaranteed the borrowings of its parent undertaking up to a maximum totalling £675 000 by a fixed and floating charge over all assets of the company



## **Capcon Limited**

### **Notes forming part of the financial statements for the year ended 30 September 2007 (Continued)**

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#### **17 Related party transactions**

During the year fees were paid to Vantis plc totalling £39,484 (2006 - £26,226). In addition fees for services totalling £41,487 (2006 - £100,718) were charged by Capcon Limited to Vantis plc. At the year-end a balance of £15,033 (2006 - £37,855) was owed by Vantis plc in respect of services provided by Capcon Limited. P F Jackson is a Director of Vantis plc.

The company has taken advantage of the exemption allowed by Financial Reporting Standard 8, "Related Party Transactions" not to disclose any transactions with entities that are included in the consolidated financial statements of Capcon Holdings plc on the grounds that at least 90% of the voting rights in the company are controlled within the group and the company is included in the consolidated financial statements.

#### **18 Cash flow statement**

The company has taken advantage of the exemption conferred by Financial Reporting Standard 1 "Cash Flow Statements" not to prepare a cash flow statement as it is included in the consolidated financial prepared by its ultimate parent company.

#### **19 Ultimate parent company**

At 30 September 2007 the company's ultimate parent company was Capcon Holdings plc which is the parent of both the smallest and largest groups of which the company is a member.

Copies of the consolidated financial statements of Capcon Holdings plc are available from the company's registered office.