

Company Registration No. SC127071 (Scotland)

**CAPITO LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

# CAPITO LIMITED

## COMPANY INFORMATION

---

<b>Directors</b>	Mrs A Burnside Mr A Quinn Mr C Lennox Mr E Campbell Mr M Gibson
<b>Secretary</b>	Mrs A Burnside
<b>Company number</b>	SC127071
<b>Registered office</b>	Caputhall Road Livingston West Lothian United Kingdom EH54 8AS
<b>Auditor</b>	Azets Audit Services Titanium 1 King's Inch Place Renfrew Renfrewshire United Kingdom PA4 8WF

---

# **CAPITO LIMITED**

## **CONTENTS**

---

	<b>Page</b>
Strategic report	1 - 2
Directors' report	3
Directors' responsibilities statement	4
Independent auditor's report	5 - 7
Profit and loss account	8
Statement of comprehensive income	9
Balance sheet	10
Statement of changes in equity	11
Notes to the financial statements	12 - 25

---

# **CAPITO LIMITED**

## **STRATEGIC REPORT**

### ***FOR THE YEAR ENDED 31 DECEMBER 2020***

---

The directors present the strategic report for the year ended 31 December 2020.

#### **Fair review of the business**

The results for the year show an operating profit before non-recurring costs and tax of £400,322 (2019: £412,633) on turnover of £5.37m (2019: £5.16m). The company has a net balance sheet value of £2.48m at 31 December 2020 (2019: £2.174m)

#### **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.

Since the UK's departure from the EU, the company continues to monitor the potential trading impact of the new regulations. As the company trades exclusively in the UK, the physical and logistical impact of Brexit has not had a significant impact on company operations. The possible macro-economic impacts of Brexit are more likely to affect performance of the company and the board and staff will look to react to any situation at the earliest opportunity.

#### **Risks and uncertainties – Global pandemic**

In response to the global outbreak of the COVID-19 in 2020, the company identified the following as potential risks:

- Interruption to operations or staff absence for a period due to contracting the virus.
- Fall in revenues due to inability to deliver order book and sales pipeline decreasing due to lower economic activity throughout the UK.
- Interruption to service delivery due to limited availability of equipment.
- Cash shortages as a result of reduction in operations, bad debts and reduction in credit limits.

The impact of Covid-19 on 2020 trading performance was mitigated by the company's quick response and flexible approach to the requirement of UK businesses to mobilise their workforces from home.

The company followed Government guidance concerning all aspects of the pandemic to ensure best practice precautions were and continue to be applied and risk to staff is mitigated. The company continues to communicate regularly with its staff, its suppliers and customers as Government advice develops.

Although it is not possible to reliably estimate the length or severity of this outbreak, at the date of signing, the company's operations have not been materially affected by the COVID-19 pandemic.

#### **Outlook**

the solid financial performance of 2020 delivered during a global pandemic together with resilient and transparent customer and supplier relationships, and the continued support of our investors, puts the company in a strong position to continue to grow even in an ongoing period of disruption.

## **CAPITO LIMITED**

### **STRATEGIC REPORT (CONTINUED)**

***FOR THE YEAR ENDED 31 DECEMBER 2020***

---

#### **Financial risk management objectives and policies**

The Company's principal financial instruments are cash, debt discounting and general banking facilities, all of which are used 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 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**

14 April 2021

# **CAPITO LIMITED**

## **DIRECTORS' REPORT**

***FOR THE YEAR ENDED 31 DECEMBER 2020***

---

The directors present their annual report and financial statements for the year ended 31 December 2020.

### **Principal activities**

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.

### **Results and dividends**

The results for the year are set out on page 8.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

### **Directors**

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mrs A Burnside  
Mr A Quinn  
Mr C Lennox  
Mr E Campbell  
Mr M Gibson

### **Auditor**

The auditor, Azets Audit Services, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

### **Strategic report**

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report.

### **Statement of disclosure to auditor**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

Mrs A Burnside  
**Director**

14 April 2021

## **CAPITO LIMITED**

### **DIRECTORS' RESPONSIBILITIES STATEMENT**

***FOR THE YEAR ENDED 31 DECEMBER 2020***

---

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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.

# CAPITO LIMITED

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CAPITO LIMITED

---

### Opinion

We have audited the financial statements of Capito Limited (the 'company') for the year ended 31 December 2020 which comprise the profit and loss account, the statement of comprehensive income, the balance sheet, the statement of changes in equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 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.

### 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 *Auditor's 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

### Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. 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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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.

### Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.



## **CAPITO LIMITED**

### **INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF CAPITO LIMITED**

---

#### **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 and the directors' report.

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 directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is 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.

#### **Auditor's 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 an auditor's report 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 is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

# **CAPITO LIMITED**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF CAPITO LIMITED**

---

#### **Extent to which the audit was considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above and on the Financial Reporting Council's website, to detect material misstatements in respect of irregularities, including fraud.

We obtain and update our understanding of the entity, its activities, its control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the entity is complying with that framework. Based on this understanding, we identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. This includes consideration of the risk of acts by the entity that were contrary to applicable laws and regulations, including fraud.

In response to the risk of irregularities and non-compliance with laws and regulations, including fraud, we designed procedures which included:

- Enquiry of management and those charged with governance around actual and potential litigation and claims as well as actual, suspected and alleged fraud;
- Reviewing minutes of meetings of those charged with governance;
- Assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the financial statements or the operations of the company through enquiry and inspection;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work over the risk of management bias and override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for indicators of potential bias.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

#### **Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

**Greig McKnight (Senior Statutory Auditor)**  
**For and on behalf of Azets Audit Services**

15 April 2021

**Chartered Accountants**  
**Statutory Auditor**

Titanium 1  
King's Inch Place  
Renfrew  
Renfrewshire  
United Kingdom  
PA4 8WF

## CAPITO LIMITED

### PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 £	2019 £
Turnover	3	5,368,040	5,160,071
Cost of sales		(3,662,315)	(3,354,509)
<b>Gross profit</b>		<b>1,705,725</b>	<b>1,805,562</b>
Administrative expenses		(1,467,859)	(1,392,929)
Other operating income		162,456	-
<b>Operating profit</b>	<b>4</b>	<b>400,322</b>	<b>412,633</b>
Interest payable and similar expenses	7	(32,031)	(29,915)
<b>Profit before taxation</b>		<b>368,291</b>	<b>382,718</b>
Tax on profit	8	(62,629)	(32,065)
<b>Profit for the financial year</b>		<b>305,662</b>	<b>350,653</b>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

## **CAPITO LIMITED**

### **STATEMENT OF COMPREHENSIVE INCOME** **FOR THE YEAR ENDED 31 DECEMBER 2020**

---

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Profit for the year	305,662	350,653
Other comprehensive income	-	-
<b>Total comprehensive income for the year</b>	<u>305,662</u>	<u>350,653</u>

# CAPITO LIMITED

## BALANCE SHEET

AS AT 31 DECEMBER 2020

	Notes	2020 £	£	2019 £	£
<b>Fixed assets</b>					
Tangible assets	9		65,078		52,639
<b>Current assets</b>					
Stocks	10	123,241		38,491	
Debtors	11	3,271,379		2,653,358	
Cash at bank and in hand		420,071		391,833	
		<u>3,814,691</u>		<u>3,083,682</u>	
<b>Creditors: amounts falling due within one year</b>	12	<u>(1,198,890)</u>		<u>(955,323)</u>	
<b>Net current assets</b>			2,615,801		2,128,359
<b>Total assets less current liabilities</b>			2,680,879		2,180,998
<b>Creditors: amounts falling due after more than one year</b>	13		<u>(201,064)</u>		<u>(6,845)</u>
<b>Net assets</b>			<u>2,479,815</u>		<u>2,174,153</u>
<b>Capital and reserves</b>					
Called up share capital	19		68,378		68,378
Share premium account	20		195,977		195,977
Capital redemption reserve	20		208,045		208,045
Profit and loss reserves	20		2,007,415		1,701,753
<b>Total equity</b>			<u>2,479,815</u>		<u>2,174,153</u>

The financial statements were approved by the board of directors and authorised for issue on 14 April 2021 and are signed on its behalf by:

Mrs A Burnside  
Director

Company Registration No. SC127071

## CAPITO LIMITED

### STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2020

	Share capital	Share premium account	Capital redemption reserve	Profit and loss reserves	Total
	£	£	£	£	£
<b>Balance at 1 January 2019</b>	68,378	195,977	208,045	1,351,100	1,823,500
<b>Year ended 31 December 2019:</b>					
Profit and total comprehensive income for the year	-	-	-	350,653	350,653
<b>Balance at 31 December 2019</b>	68,378	195,977	208,045	1,701,753	2,174,153
<b>Year ended 31 December 2020:</b>					
Profit and total comprehensive income for the year	-	-	-	305,662	305,662
<b>Balance at 31 December 2020</b>	68,378	195,977	208,045	2,007,415	2,479,815

# **CAPITO LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2020**

---

### **1 Accounting policies**

#### **Company information**

Capito Limited is a private company limited by shares incorporated in Scotland. The registered office is Caputhall Road, Livingston, West Lothian, United Kingdom, EH54 8AS.

#### **1.1 Accounting convention**

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

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues': Interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment': Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Murray Capital Group Limited. These consolidated financial statements are available from its registered office, 26 Charlotte Square, Edinburgh, EH2 4ET.

# CAPITO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

### 1 Accounting policies

(Continued)

#### 1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus, the directors continue to adopt the going concern basis in preparing the financial statements.

In their consideration of going concern the directors have paid special attention to the COVID-19 outbreak and the associated impact on the business. The risks and uncertainties identified as a result of the recent Pandemic are detailed in the Strategic Report and include:

- Interruption to operations or staff absence for a period due to contracting the virus.
- Fall in revenues due to inability to deliver order book and sales pipeline decreasing due to lower economic activity throughout the UK.
- Interruption to service delivery due to limited availability of equipment.
- Cash shortages as a result of reduction in operations, bad debts and reduction in credit limits.

Although it is not possible to reliably estimate the length or severity of the outbreak, at the date of signing, the company continues to be operational and is following all Government Guidelines in response to the pandemic.

The current and future financial position of the company, its cash flows and liquidity position have been reviewed by the directors. Cashflow projections have been prepared that extend beyond one year from the date of approval of these financial statements.

The directors have obtained assurances that the ultimate parent company Murray Capital Limited ("the group") will continue to provide support as necessary and that financial assistance will be provided should a cashflow requirement be experienced as a result of the COVID-19 pandemic. The support has been confirmed for a period of twelve months from the date of signing of these financial statements.

The Group have also confirmed that they will not demand repayment of loans or interest until such time that the company has the ability and funds available to repay.

The directors have reviewed the latest projections of the group and are satisfied as to the validity of these assurances and that the group has the means and authority to provide such funding if it is required.

After reviewing the measures taken against the business risk, the cashflow projections and the Group's support, the directors consider that it is appropriate to prepare the financial statements on the going concern basis.

#### 1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that it is probable will be recovered.



# CAPITO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

### 1 Accounting policies

(Continued)

#### 1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Plant and equipment	20% on reducing balance
Fixtures and fittings	25% on cost, 25% on reducing balance and 20% on reducing balance

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

#### 1.5 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### 1.6 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell, after making due allowance for obsolete and slow moving items.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

#### 1.7 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

# CAPITO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

---

### 1 Accounting policies

(Continued)

#### 1.8 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### **Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

##### **Impairment of financial assets**

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

##### **Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

##### **Classification of financial liabilities**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

# CAPITO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

### 1 Accounting policies

(Continued)

#### **Basic financial liabilities**

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

#### **Derecognition of financial liabilities**

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

### 1.9 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs.

Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

### 1.10 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

#### **Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

#### **Deferred tax**

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

# **CAPITO LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2020**

---

### **1 Accounting policies**

**(Continued)**

#### **1.11 Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### **1.12 Retirement benefits**

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

#### **1.13 Leases**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

#### **1.14 Government grants**

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

#### **1.15 Foreign exchange**

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

# CAPITO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

### 2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

### 3 Turnover and other revenue

	2020	2019
	£	£
<b>Turnover analysed by class of business</b>		
Sale of goods	3,748,740	3,959,286
Rendering of services	1,619,300	1,200,785
	<u>5,368,040</u>	<u>5,160,071</u>
	2020	2019
	£	£
<b>Other significant revenue</b>		
Grants received	<u>148,192</u>	<u>-</u>

### 4 Operating profit

	2020	2019
	£	£
Operating profit for the year is stated after charging/(crediting):		
Government grants	(148,192)	-
Fees payable to the company's auditor for the audit of the company's financial statements	16,750	14,500
Depreciation of owned tangible fixed assets	17,554	17,303
Depreciation of tangible fixed assets held under finance leases	6,760	2,458
Operating lease charges	<u>97,494</u>	<u>98,336</u>

## CAPITO LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

#### 5 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2020 Number	2019 Number
Administration	14	13
Sales/technical	34	25
Total	48	38

Their aggregate remuneration comprised:

	2020 £	2019 £
Wages and salaries	1,670,076	1,353,631
Social security costs	175,995	134,889
Pension costs	61,607	36,476
	1,907,678	1,524,996

#### 6 Directors' remuneration

	2020 £	2019 £
Remuneration for qualifying services	287,727	266,020
Company pension contributions to defined contribution schemes	5,513	5,921
	293,240	271,941

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 3 (2019 - 3).

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2020 £	2019 £
Remuneration for qualifying services	148,029	79,471
Company pension contributions to defined contribution schemes	-	4,589

# CAPITO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

### 7 Interest payable and similar expenses

	2020	2019
	£	£
Interest on bank overdrafts and loans	11,715	8,987
Other interest on financial liabilities	19,047	19,595
Other interest	1,269	1,333
	<u>32,031</u>	<u>29,915</u>

### 8 Taxation

	2020	2019
	£	£
<b>Current tax</b>		
UK corporation tax on profits for the current period	61,122	31,234
Adjustments in respect of prior periods	686	-
	<u>61,808</u>	<u>31,234</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	821	831
	<u>821</u>	<u>831</u>
<b>Total tax charge</b>	<u>62,629</u>	<u>32,065</u>

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2020	2019
	£	£
Profit before taxation	<u>368,291</u>	<u>382,718</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	69,975	72,716
Tax effect of expenses that are not deductible in determining taxable profit	1,596	3,024
Adjustments in respect of prior years	686	-
Group relief	(8,277)	(42,543)
Deferred tax adjustments in respect of prior years	(33)	(926)
Rate differences	(1,318)	(206)
<b>Taxation charge for the year</b>	<u>62,629</u>	<u>32,065</u>

# CAPITO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

### 9 Tangible fixed assets

	Plant and equipment £	Fixtures and fittings £	Total £
<b>Cost</b>			
At 1 January 2020	40,398	1,015,540	1,055,938
Additions	-	36,753	36,753
At 31 December 2020	40,398	1,052,293	1,092,691
<b>Depreciation and impairment</b>			
At 1 January 2020	30,510	972,789	1,003,299
Depreciation charged in the year	1,978	22,336	24,314
At 31 December 2020	32,488	995,125	1,027,613
<b>Carrying amount</b>			
At 31 December 2020	7,910	57,168	65,078
At 31 December 2019	9,888	42,751	52,639

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	2020 £	2019 £
Fixtures and fittings	5,531	12,292

### 10 Stocks

	2020 £	2019 £
Finished goods and goods for resale	123,241	38,491

### 11 Debtors

	2020 £	2019 £
<b>Amounts falling due within one year:</b>		
Trade debtors	1,292,389	575,615
Amounts owed by group undertakings	1,838,816	1,709,169
Other debtors	5,901	15,827
Prepayments and accrued income	123,918	341,571
	3,261,024	2,642,182
Deferred tax asset (note 16)	10,355	11,176
	3,271,379	2,653,358



# CAPITO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

### 11 Debtors

(Continued)

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

### 12 Creditors: amounts falling due within one year

	Notes	2020 £	2019 £
Obligations under finance leases	15	5,781	4,744
Trade creditors		360,230	315,963
Corporation tax		61,122	31,234
Other taxation and social security		248,875	176,181
Government grants	17	-	20,000
Other creditors		24,714	26,964
Accruals and deferred income		498,168	380,237
		<u>1,198,890</u>	<u>955,323</u>

### 13 Creditors: amounts falling due after more than one year

	Notes	2020 £	2019 £
Bank loans and overdrafts	14	200,000	-
Obligations under finance leases	15	1,064	6,845
		<u>201,064</u>	<u>6,845</u>

### 14 Loans and overdrafts

	2020 £	2019 £
Bank loans	<u>200,000</u>	<u>-</u>
Payable after one year	<u>200,000</u>	<u>-</u>

Bank loans are represented by the lending facility obtained under the Coronavirus Business Interruption Loan Scheme (CBILS) during the year. The loan is guaranteed by the UK Government under the Enterprise Finance Guarantee programme, is subject to interest at 2.95% over Bank of England Base Rate and falls due for repayment on the second anniversary of the date of drawdown.

Trade debtors are subject to an invoice financing agreement, which 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.

# CAPITO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

### 15 Finance lease obligations

	2020	2019
	£	£
Future minimum lease payments due under finance leases:		
Within one year	5,781	4,744
In two to five years	1,064	6,845
	<u>6,845</u>	<u>11,589</u>

Finance lease payments represent rentals payable by the company for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 3 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

### 16 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Assets 2020 £	Assets 2019 £
<b>Balances:</b>		
Fixed asset timing differences	9,977	10,200
Losses and other deductions	378	976
	<u>10,355</u>	<u>11,176</u>
<b>Movements in the year:</b>		2020 £
Asset at 1 January 2020		(11,176)
Charge to profit or loss		821
Asset at 31 December 2020		<u>(10,355)</u>

### 17 Deferred grants

	2020 £	2019 £
Arising from government grants	<u>-</u>	<u>20,000</u>

Government grants are recognised when it is reasonable to expect that the grants will be received and that all related conditions will be met, usually on submission of a valid claim for payment.

Grants of a revenue nature are credited to income so as to match them with the expenditure to which they related.

## CAPITO LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

#### 18 Retirement benefit schemes

	2020	2019
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	61,607	36,476

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

#### 19 Share capital

	2020	2019	2020	2019
	Number	Number	£	£
Ordinary share capital Issued and fully paid				
Ordinary shares of 10p each	683,778	683,778	68,378	68,378

Ordinary shares carry one vote per share. There are no restrictions on the distribution of dividends and the repayment of capital.

#### 20 Reserves

##### Share premium

This reserve records the amount above the nominal value received for shares sold, less transaction costs.

##### Capital redemption reserve

This reserve records the nominal value of shares repurchased by the Company.

#### 21 Operating lease commitments

##### Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2020	2019
	£	£
Within one year	88,869	116,719
Between two and five years	10,434	104,719
	99,303	221,438

#### 22 Related party transactions

During the year Capito Limited entered into sales transactions in the ordinary course of business with related parties as follows; Chardon Wines Ltd amounting to £nil (2019: £97), Murray Capital Limited £19,541 (2019: £9,119), Murray Estates Ltd £734 (2019: £576) and New Brannock Ltd £813 (2019: £188).

The following balances remained outstanding at the year end; Murray Capital (£1,536), Murray Estates Ltd (£72) and New Brannock Ltd (£406).

## **CAPITO LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

***FOR THE YEAR ENDED 31 DECEMBER 2020***

---

#### **23 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.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.