

# Capitol Group Ltd

formerly Capitol Group plc

Directors' Report and Financial Statements

for the 52 week period ended 30 December 2011

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## **Capitol Group Ltd**

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**Capitol Group Ltd**  
**Company Information**

**Directors**           A J Burchall  
                              R J Watson

**Company secretary** R J Watson

**Registered office**   800 The Boulevard  
                              Capability Green  
                              Luton  
                              Bedfordshire  
                              LU1 3BA

**Auditors**            PricewaterhouseCoopers LLP  
                              10 Brcket Road  
                              St Albans  
                              Hertfordshire  
                              AL1 3JX

## Capitol Group Ltd

### Directors' Report for the 52 week period ended 30 December 2011

The directors present their report and the audited financial statements of the company for the 52 week period ended 30 December 2011

#### Directors of the company

The directors of the company who were in office during the period and up to the date of signing the financial statements were

A J Burchall

R J Watson

#### Principal activity

The principal activity of the company is that of a holding company

#### Business review

The directors are satisfied with the performance of the company

On 13 January 2012 the company released its public registration and re-registered as a private limited company. The directors are reviewing the future of the company

#### Insurance

Impellam Group plc ("the Group"), of which the company is a member, maintains a comprehensive insurance programme with a number of reputable third party underwriters. These insurance policies are reviewed annually to ensure that there is adequate cover for insurable risks and that the terms of those policies are optimised

#### Principal risks and uncertainties

The principal risks and uncertainties of the Group, which include those of the company, are discussed in the Finance Report in the Group's annual report which does not form part of this report. The Group's business and financial risks are managed at a Group level, rather than at an individual company level. For this reason, the company's directors believe that a discussion of the Group's risks would not be appropriate for an understanding of the development, performance or position of the company

#### Donations

There were no charitable or political donations made by the company in either 2011 or 2010

#### Directors' liabilities

During the year and to the date of these accounts, the Group had in force an indemnity provision in favour of one or more Directors of the company against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006

#### Disclosure of information to the auditors

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and which they know the auditors are unaware of

#### Reappointment of auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and so are deemed to be reappointed under section 487(2) of the Companies Act 2006

Approved by the Board on 30 March 2012 and signed on its behalf by



A J Burchall  
Director

## **Capitol Group Ltd**

### **Statement of Directors' Responsibilities**

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have prepared 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 apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- 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.

The directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## **Capitol Group Ltd**

### **Independent Auditors' Report**

We have audited the financial statements of Capitol Group Ltd for the 52 week period ended 30 December 2011 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. 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).

#### **Respective responsibilities of directors and auditors**

As explained more fully in the Statement of Directors' Responsibilities (set out on page 3), 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.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

#### **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 Directors' Report and financial statements to identify material inconsistencies with the audited financial statements. 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 30 December 2011 and of its profit for the period 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 Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

#### **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.



James French (Senior Statutory Auditor)  
For and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
St Albans

30 March 2012

**Capitol Group Ltd**  
**Profit and Loss Account for the 52 week period ended 30 December 2011**

	Note	2011 £ 000	2010 £ 000
Administrative expenses		788	283
Operating profit		788	283
Profit on ordinary activities before taxation		788	283
Profit for the financial period	9	788	283

Turnover and operating profit for the current and prior periods derive wholly from continuing operations


The company has no recognised gains or losses for the current and prior periods other than the results above and therefore no separate statement of total recognised gains and losses has been presented

There is no material difference between the profit on ordinary business activities before taxation and the retained profit for the period stated above and their historical cost equivalents for the current and prior periods

**Capitol Group Ltd**  
**Registration number: 01698365**  
**Balance Sheet as at 30 December 2011**

	Note	30 December 2011 £ 000	31 December 2010 £ 000
<b>Fixed assets</b>			
Investments	7	<u>1,071</u>	<u>283</u>
<b>Capital and reserves</b>			
Called up share capital	8	620	620
Share premium account	9	4,631	4,631
Profit and loss account	9	<u>(4,180)</u>	<u>(4,968)</u>
Total shareholders' funds	10	<u>1,071</u>	<u>283</u>

The financial statements on pages 5 to 10 were approved by the Board on 30 March 2012 and signed on its behalf by

  
A J Burchall  
Director



**Capitol Group Ltd**  
**Notes to the Financial Statements for the 52 week period**  
**ended 30 December 2011**

**1 Accounting policies**

**Basis of preparation**

The financial statements have been prepared on a going concern basis under the historical cost convention and in accordance with applicable UK accounting standards and the Companies Act 2006. The principal accounting policies have been applied consistently during the year and are set out below.

**Exemption from preparing a cash flow statement**

The company has taken advantage of the exemption under FRS 1 (Revised 1996) 'Cash flow Statements' not to publish a cash flow as its ultimate parent, Impellam Group plc, a company incorporated in the United Kingdom, has prepared consolidated financial statements which are publicly available.

**Exemption from preparing group accounts**

The company has taken exemption from preparing group accounts as it is included in consolidated accounts for Impellam Group plc which are drawn up as full consolidated audited accounts which are filed at Companies House as per section 400 of the Companies Act 2006.

**Fixed asset investments**

Fixed asset investments are stated at cost less a provision for impairment. The carrying values of investments are reviewed for impairment at least on an annual basis. This requires an estimation of the recoverable amount of the cash-generating unit to which the assets are allocated. Estimating the value in use requires the company to make an estimate of the future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

**2 Auditors' remuneration**

Auditors' remuneration for the current and prior years has been borne by a fellow group company.

**3 Exceptional items**

	2011 £ 000	2010 £ 000
Release of impairment provision	<u>(788)</u>	<u>(283)</u>

**4 Particulars of employees**

Other than the directors the company had no employees throughout the year.

**5 Directors' remuneration**

The emoluments of the directors are paid by the ultimate parent company, or by another group company. The directors' services to this company are of a non-executive nature and are deemed to be attributable to services to the remunerating company. Accordingly, the directors received no remuneration for services to the company in the period (2010: £nil).

**Capitol Group Ltd**  
**Notes to the Financial Statements for the 52 week period**  
**ended 30 December 2011**

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**6 Tax on profit on ordinary activities**

**Factors affecting current tax charge for the period**

Tax on profit on ordinary activities for the year is lower than (2010 - lower than) the standard rate of corporation tax in the UK of 26.5% (2010 - 28%)

The differences are reconciled below

	2011 £ 000	2010 £ 000
Profit on ordinary activities before taxation	788	283
Corporation tax at standard rate	209	79
Other permanently disallowable items	(209)	(79)
Total current tax	<u>-</u>	<u>-</u>

**7 Fixed asset investments**

	2011 £ 000	2010 £ 000
Shares in group undertakings and participating interests	<u>1,071</u>	<u>283</u>

**Shares in group undertakings and participating interests**

	Subsidiary undertaking £ 000
<b>Cost</b>	
At 1 January 2011	7,656
At 30 December 2011	<u>7,656</u>
<b>Provision for impairment</b>	
At 1 January 2011	(7,373)
Release of provision	788
At 30 December 2011	<u>(6,585)</u>
<b>Net book value</b>	
At 30 December 2011	<u>1,071</u>
At 31 December 2010	<u>283</u>

**Capitol Group Ltd**  
**Notes to the Financial Statements for the 52 week period**  
**ended 30 December 2011**

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**Details of undertakings**

Details of the investments in which the company holds 20% or more of the nominal value of any class of share capital are as follows

<b>Undertaking</b>	<b>Holding</b>	<b>Proportion of voting rights and shares held</b>	<b>Principal activity</b>
<b>Subsidiary undertakings</b>			
Carlisle Security Services Limited	Ordinary	100%	Security services

The directors believe that the carrying value of the investments is supported by their underlying trade and net assets

**8 Called up share capital**

**Allotted, called up and fully paid shares**

	<b>2011</b>		<b>2010</b>	
	<b>Number Thousands</b>	<b>£ 000</b>	<b>Number Thousands</b>	<b>£ 000</b>
Ordinary shares of £0.05 each	<u>12,398</u>	<u>620</u>	<u>12,398</u>	<u>620</u>

**9 Profit and loss account**

	<b>Share premium account £ 000</b>	<b>Profit and loss account £ 000</b>	<b>Total £ 000</b>
At 1 January 2011	4,631	(4,968)	(337)
Profit for the period	-	788	788
At 30 December 2011	<u>4,631</u>	<u>(4,180)</u>	<u>451</u>

**10 Reconciliation of movements in shareholders' funds**

	<b>2011 £ 000</b>	<b>2010 £ 000</b>
Profit for the financial period	<u>788</u>	<u>283</u>
Net addition to shareholders' funds	788	283
Shareholders' funds at start of period	<u>283</u>	-
Shareholders' funds at end of period	<u>1,071</u>	<u>283</u>

**Capitol Group Ltd**  
**Notes to the Financial Statements for the 52 week period**  
**ended 30 December 2011**

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**11 Contingent liabilities**

The company has given cross guarantees as part of the invoice discounting facility of the Group of which the company is a member, a net aggregate amount of £20,476,447 was drawn down by other group companies as at 30 December 2011 (2010 £12,057,791)

**12 Post balance sheet events**

On 13 January 2012 the company released its public registration and re-registered as a private limited company

On 16 January 2012 the company reduced its share premium reserve by the sum of £4,631,000 and reduced its share capital by 12,397,824 shares with a nominal amount of £619,891 under s641 of the Companies Act 2006 The Companies (Reduction of Share Capital) Order 2008 allows any reserve arising from such a reduction to be treated as a realised profit

On 23 January 2012 the company transferred its entire investment in its subsidiary, Carlisle Security Services Ltd, to Impellam Group Plc at book value

The directors also recommend a final dividend of £1,070,000 be made in respect of the financial period ended 30 December 2011 This dividend has not been recognised as a liability in the financial statements

**13 Related party transactions**

The company has taken advantage of the exemption in FRS8 "Related Party Disclosures" from disclosing transactions with other members of the Group

**14 Control**

The company's immediate parent undertaking is Carlisle Group plc, a company incorporated in England and Wales

The directors regard Impellam Group plc, a company incorporated in England and Wales, as the ultimate parent undertaking This is also the parent undertaking of the largest and smallest group which includes the company and for which group accounts are prepared Copies of the group accounts of Impellam Group plc will be delivered to, and be available from, the Registrar of Companies, Companies Registration Office, Crown Way, Maundy, Cardiff, CF14 3UZ

At 30 December 2011, the Lombard Trust was interested in and controlled 57.6% of Impellam Group plc