

Capitol Group plc

Directors' Report and Financial Statements
for the Year Ended 31 December 2009

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Capitol Group plc
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Capitol Group plc
Company Information

Directors	A Burchall
	D M C Doyle (resigned 14 May 2009)
	R J Watson
Secretary	R J Watson
Registered office	800 The Boulevard Capability Green Luton LU1 3BA
Bank	Barclays Bank plc 1 Churchill Place London E14 5HP
Auditors	PricewaterhouseCoopers LLP 10 Bricket Road St Albans AL1 3JX

Capitol Group plc
Directors' Report for the Year Ended 31 December 2009

The directors present their report and the audited financial statements for the year ended 31 December 2009

Directors' responsibilities

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 those financial statements, directors are required to

- select suitable accounting policies and apply them consistently,
- make judgements and 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 a 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.

Directors' statement regarding disclosure of information to auditors

Each of the persons who is a director at the date of approval of this report confirms that

- a) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- b) they have taken all the 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.

Principal activity

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

Business review and future developments

The directors are satisfied with the performance of the company and expect no change in the foreseeable future.

Results and dividends

The results for the company are set out in the financial statements. The company did not trade in the current or prior period.

The directors do not recommend the payment of a dividend (31 December 2008 - £nil).

Capitol Group plc
Directors' Report for the Year Ended 31 December 2009

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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 facing the business

The principal risks and uncertainties of the group, which include those of the company, are discussed in the Group Financial Director's 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 2009 or 2008.

Directors

The directors who held office during the year were as follows:

- A Burchall
- D M C Doyle (resigned 14 May 2009)
- R J Watson

Directors' indemnity provisions

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.

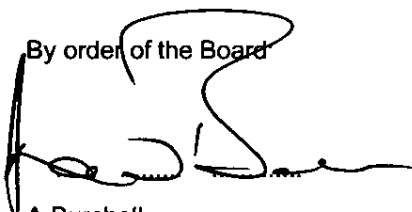
Retirement of directors

In accordance with the Articles of Association, directors are not required to retire from the board on a rotational basis.

Auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

By order of the Board



A Burchall
Director

Date

16 April 2010

**Independent Auditors' Report to the Members of
Capitol Group plc**

We have audited the financial statements of Capitol Group plc for the year ended 31 December 2009 which comprise 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).

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.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 2, 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 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2009 and of its result for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year 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

Date

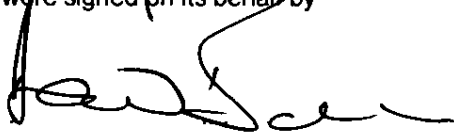
Capitol Group plc

Registration number: 1698365

Balance Sheet as at 31 December 2009

		31 December 2009	31 December 2008
	Note	£ 000	£ 000
Net assets		<u>-</u>	<u>-</u>
Capital and reserves			
Called up share capital	6	620	620
Share premium reserve	7	4,631	4,631
Profit and loss reserve	7	<u>(5,251)</u>	<u>(5,251)</u>
Shareholders' funds	8	<u>-</u>	<u>-</u>

The financial statements on pages 5 to 9 were approved by the Board of Directors on 16 April 2010 and were signed on its behalf by



A Burchall
Director

Capitol Group plc

Notes to the Financial Statements for the Year Ended 31 December 2009

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.

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.

Cash flow statement

The company has taken advantage of the exemption under Financial Reporting Standard No. 1 (revised 1996) not to publish a cash flow statement as it is a wholly owned subsidiary of Impellam Group plc, which has prepared consolidated financial statements which are publicly available.

Consolidation

The company is exempt under Section 400 of the Companies Act 2006 from the requirement to prepare group accounts because it is a wholly owned subsidiary of Impellam Group plc which prepares consolidated accounts which are publicly available. Accordingly, these accounts are those of the company and not of its group.

2 Auditors' remuneration

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

3 Particulars of employees

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

4 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 year (2008: £nil).

Capitol Group plc
Notes to the Financial Statements for the Year Ended 31 December 2009

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5 Investments held as fixed assets

	Shares in group undertakings £ 000
Cost	
As at 1 January 2009 and 31 December 2009	<u>7,656</u>
Provision	
As at 1 January 2009 and 31 December 2009	<u>7,656</u>
Net book value	
As at 31 December 2009	<u>-</u>
As at 31 December 2008	<u>-</u>

The company holds more than 20% of the share capital of the following company

	Country of incorporation	Principal activity	Class	%
Subsidiary undertakings				
Carlisle Security Services Limited	England and Wales	Security services	Ordinary	100

6 Share capital

	31 December 2009 £	31 December 2008 £
Authorised		
Equity		
16,100,000 Ordinary shares of 5 pence each	<u>805,000</u>	<u>805,000</u>
Allotted, called up and fully paid		
Equity		
12,397,824 Ordinary shares of 5 pence each	<u>619,891</u>	<u>619,891</u>

Capitol Group plc
Notes to the Financial Statements for the Year Ended 31 December 2009

continued

7 Reserves

	Share premium reserve £ 000	Profit and loss reserve £ 000	Total £ 000
Balance at 1 January 2009	4,631	(5,251)	(620)
Transfer from profit and loss account for the year	-	-	-
Balance at 31 December 2009	<u>4,631</u>	<u>(5,251)</u>	<u>(620)</u>

8 Reconciliation of movements in shareholders' funds

	31 December 2009 £ 000	31 December 2008 £ 000
Result attributable to members of the company	-	-
Opening shareholders' funds	-	-
Closing shareholders' funds	<u>-</u>	<u>-</u>

9 Contingent liabilities

The company has given cross guarantees as follows

- a) As part of the group's invoice discounting facility of the group of which the company is a member, the net aggregate amount outstanding against this facility at 31 December 2009 was £50,438,632 (2008 £47,711,535)
- b) In respect of the group's £45 million 10 per cent guaranteed secured notes due 2011, the net aggregate amount outstanding at 31 December 2009 was £20,000,000 (2008 £ 20,000,000)

Capitol Group plc
Notes to the Financial Statements for the Year Ended 31 December 2009

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10 Related parties

Controlling entity

The company's immediate parent undertaking is Carlisle Group plc, a company incorporated in Great Britain

The directors regard Impellam Group plc, a company incorporated in Great Britain, 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, Maindy, Cardiff, CF14 3UZ.

At 31 December 2009, Lord Ashcroft, KCMG was interested in and controlled 57.2% of Impellam Group plc. On 6 April 2010, following a transfer of an indirect interest in the Company, Lord Ashcroft no longer had a beneficial interest in the Company. The transfer of this indirect interest was made to the Lombard Trust (the "Trust") which now has a beneficial interest of 57.2%, representing its entire interest in the Company. The beneficiaries of the Trust are Lord Ashcroft's children and remoter issue.

Related party transactions

The company has taken advantage of the exemption granted to 90% subsidiaries not to disclose transactions with group undertakings under the provisions of Financial Reporting Standard No. 8 "Related Party Disclosures".