

CASTLE COMPUTER SERVICES (EDINBURGH) LIMITED
Registered number: SC80997

Report and Financial Statements

For the year ended 31 December 2001



CASTLE COMPUTER SERVICES (EDINBURGH) LIMITED

Financial Statements

For the year ended 31 December 2001

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CASTLE COMPUTER SERVICES (EDINBURGH) LIMITED

Company Information

Directors

A M Munro
E J Doyle
G A Strathie

Secretary

G M Thomson

Registered office

160 Glasgow Road
Maybury
Edinburgh
EH12 8LS

Registered number

SC80997

Auditors

Scott-Moncrieff
Chartered Accountants
Registered Auditor
17 Melville Street
Edinburgh
EH3 7PH

Solicitors

Murray Beith Murray W.S.
39 Castle Street
Edinburgh
EH12 3BH

Principal bankers

Bank of Scotland
38 St. Andrew Square
Edinburgh
EH2 2YR

CASTLE COMPUTER SERVICES (EDINBURGH) LIMITED

Directors' Report

The directors present their annual report with the financial statements of the company for the year ended 31 December 2001.

Principal activities

The principal activity of the company in the year under review were the retail of computer systems and related services.

Review of the business

The net profit after providing for taxation amounted to £71,380.

Directors and their interests

The directors in office in the year and their beneficial interests in the company at the balance sheet date and the beginning of the year (or on appointment if later) were as follows:

		Number of Shares	
		2001	2000
A M Munro	Ordinary shares of £1	50,589	50,589
	Preference Shares of £1	38,824	38,824
E J Doyle	Ordinary Shares of £1	22,500	22,500
G A Strathie	Ordinary Shares of £1	17,500	17,500

Directors' responsibilities

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 as at the end of the financial year and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements 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 maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to 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.

CASTLE COMPUTER SERVICES (EDINBURGH) LIMITED

Directors' Report

Auditors

A resolution to re-appoint Scott-Moncrieff as auditors, in accordance with section 385 of the Companies Act 1985, will be put to the members at the annual general meeting.

Small company exemptions

The above 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:



G M Thomson
Secretary

Date: 30 Oct 02

CASTLE COMPUTER SERVICES (EDINBURGH) LIMITED

Independent Auditors' Report to the Shareholders

We have audited the financial statements set out on pages 5 to 15. These financial statements have been prepared under the historical cost convention and the accounting policies set out on page 7.

Respective responsibilities of the directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if 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 transactions with the company 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.

Basis of opinion

We conducted our audit in accordance with United Kingdom Auditing Standards 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 judgements 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 of the state of affairs of the company as at 31 December 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Scott-Moncrieff

Scott-Moncrieff
Chartered Accountants
Registered Auditor

17 Melville Street
Edinburgh
EH3 7PH

Date:

30 Oct 02

CASTLE COMPUTER SERVICES (EDINBURGH) LIMITED

Profit and Loss Account

For the year ended 31 December 2001

	Notes	2001 £	2000 £
Turnover	2	2,852,029	3,213,641
Cost of sales		1,968,132	2,415,115
Gross profit		883,897	798,526
Administrative expenses		816,230	609,214
		67,667	189,312
Other operating income		-	25,633
Operating profit	3	67,667	214,945
Investment income and interest receivable	4	8,789	14,850
Interest payable and similar charges	5	(5,908)	(6,221)
Profit on ordinary activities before taxation		70,548	223,574
Tax on profit on ordinary activities	8	832	(41,140)
Profit on ordinary activities after taxation		71,380	182,434
Dividends	9	-	(45,000)
Retained profit for the financial year	19	71,380	137,434

Continuing operations

None of the company's activities were acquired or discontinued during the above two financial years.

Total recognised gains and losses

The company has no recognised gains or losses other than the profit or loss for the above two financial years.

The notes on pages 7 to 15 form part of these financial statements.

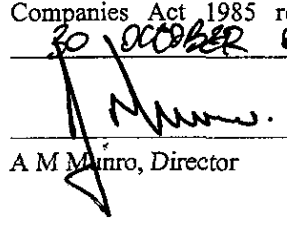
CASTLE COMPUTER SERVICES (EDINBURGH) LIMITED

Balance sheet

At 31 December 2001

	Notes	£	2001 £	£	2000 £
Fixed assets					
Tangible assets	10		132,829		201,505
Investments	11		583		9,891
			<u>133,412</u>		<u>211,396</u>
Current assets					
Stocks	12	-		66,962	
Debtors	13	1,085,925		726,001	
Cash at bank and in hand		138,838		231,418	
		<u>1,224,763</u>		<u>1,024,381</u>	
Creditors: amounts falling due within one year	14	(880,750)		(805,248)	
Net current assets			<u>344,013</u>		<u>219,133</u>
Total assets less current liabilities			<u>477,425</u>		<u>430,529</u>
Creditors: amounts falling due after more than one year	15		(8,422)		(32,906)
Net assets			<u>469,003</u>		<u>397,623</u>
Capital and reserves					
Called up share capital	17		155,000		155,000
Other reserves	18		3,015		3,015
Profit and loss account	19		310,988		239,608
Total shareholders' funds	20		<u>469,003</u>		<u>397,623</u>

The financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and were approved by the board of directors on 30 October 02 and signed on its behalf by:


A M Munro, Director

The notes on pages 7 to 15 form part of these financial statements.

CASTLE COMPUTER SERVICES (EDINBURGH) LIMITED

Notes to the Financial Statements

For the year ended 31 December 2001

1. Statement of accounting policies

The financial statements have been prepared under the historical cost convention.

Consolidation

The company and its subsidiary comprise a medium group. The company has therefore taken advantage of the exemption provided by section 248 of the Companies Act 1985 not to prepare group accounts.

Cash flow

The financial statements do not include a cash flow statement because the company, as a small reporting entity, is exempt from the requirement to prepare such a statement under Financial Reporting Standard 1: "Cash flow statements".

Turnover

Turnover represents the total invoice value, excluding value added tax, of goods sold and services rendered during the year.

Depreciation of tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its useful life:

Office furniture and fittings	25% reducing value
Computer equipment	50% reducing balance
Motor vehicles	25% reducing balance

Investments

Investments held as fixed assets are stated at cost less provision for permanent diminution in value. Those held as current assets are stated at the lower of cost and net realisable value.

Dividends are brought to account in the profit and loss account when received.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into the profit and loss account for the year.

Pension costs

The company operates a money purchase (defined contribution) pension scheme. Contributions payable to this scheme are charged to the profit and loss account in the period to which they relate. These contributions are invested separately from the company's assets.

CASTLE COMPUTER SERVICES (EDINBURGH) LIMITED

Notes to the Financial Statements

For the year ended 31 December 2001

2. Turnover

Turnover is attributable to the one principal activity of the company and arose wholly in the United Kingdom.

3. Operating profit

Operating profit is stated	2001 £	2000 £
After charging:		
Depreciation of fixed assets	62,628	42,542
Depreciation of leased assets	18,656	38,186
Auditors' remuneration	5,500	5,230
Non-audit service remuneration paid to auditors	4,930	-
Loss on foreign currencies	-	58
	<u> </u>	<u> </u>
After crediting:		
Profit on disposal of tangible assets	-	5,796
Profit on foreign currencies	208	-
	<u> </u>	<u> </u>

4. Investment income and interest receivable

	2001 £	2000 £
Interest received and receivable		
Bank interest	2,628	14,850
	<u> </u>	<u> </u>
Investment income		
Profit on disposal of investments	6,161	-
	<u> </u>	<u> </u>
Total investment income	<u>8,789</u>	<u>14,850</u>

5. Interest payable and similar charges

	2001 £	2000 £
Lease finance charges and hire purchase interest	5,908	6,221
	<u> </u>	<u> </u>

CASTLE COMPUTER SERVICES (EDINBURGH) LIMITED

Notes to the Financial Statements

For the year ended 31 December 2001

6. Information on directors and employees

	2001 £	2000 £
Staff costs		
Wages and salaries	1,074,226	1,105,714
Social security costs	151,580	135,568
Other pension costs	43,486	51,882
	<u>1,269,292</u>	<u>1,293,164</u>
	2001 No.	2000 No.
The average number of employees during the year was made up as follows:		
Number of employees - Full time	30	28
Number of employees - Directors	3	3
	<u>33</u>	<u>31</u>
	2001 £	2000 £
Directors' emoluments		
Emoluments, including pension contributions to money purchase (defined contribution) schemes	<u>278,261</u>	<u>364,721</u>

7. Pension costs

Money purchase (defined contribution) pension scheme

The company operates a money purchase (defined contribution) pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £43,486 (2000:£51,882).

CASTLE COMPUTER SERVICES (EDINBURGH) LIMITED

Notes to the Financial Statements

For the year ended 31 December 2001

8. Tax on profit on ordinary activities

	2001 £	2000 £
<i>The taxation credit comprises:</i>		
Current tax on profit for the year	-	41,157
Adjustment in respect of prior years	(832)	(17)
	<u>(832)</u>	<u>41,140</u>

9. Dividends paid or proposed

	2001 £	2000 £
On ordinary shares:		
Final dividend proposed		
Dividend - ordinary shares of £1	-	45,000
	<u>-</u>	<u>45,000</u>

10. Tangible fixed assets

	Office furniture & computer equipment £	Motor vehicles £	Total £
Cost:			
At 1 January 2001	98,460	258,634	357,094
Additions	8,849	3,760	12,609
At 31 December 2001	<u>107,309</u>	<u>262,394</u>	<u>369,703</u>
Depreciation:			
At 1 January 2001	55,653	99,937	155,590
Charge for year	23,091	58,193	81,284
At 31 December 2001	<u>78,744</u>	<u>158,130</u>	<u>236,874</u>
Net book value:			
At 31 December 2001	<u>28,565</u>	<u>104,264</u>	<u>132,829</u>
At 31 December 2000	<u>42,808</u>	<u>158,697</u>	<u>201,505</u>

CASTLE COMPUTER SERVICES (EDINBURGH) LIMITED

Notes to the Financial Statements

For the year ended 31 December 2001

10. Tangible fixed assets - (continued)

Included above are assets held under finance leases or hire purchase contracts as follows:

	2001 £	2000 £
Net book values:		
Motor vehicles	89,595	142,062
Depreciation charge for the year:		
Motor vehicles	49,547	38,186

Net obligations under finance leases and hire purchase contracts are secured on the assets acquired.

11. Investments

Cost or valuation:	1 January 2001 £	Additions £	Disposals £	31 December 2001 £
Other investments	9,891	2	(9,310)	583

Other investments other than loans

Shares:

	Book value 2001 £	Market value 2001 £	Book value 2000 £	Market value 2000 £
Listed:				
U.K. Stock Exchange	581	486	9,891	11,475
Unlisted - Castle Computer Services(Glasgow) Ltd.	2	-	-	-

No provision has been made for the liability to corporation tax on chargeable gains that would arise if the above investments were disposed of at market value. A tax liability of £97 would arise if the listed investments were disposed of at the above valuation.

CASTLE COMPUTER SERVICES (EDINBURGH) LIMITED

Notes to the Financial Statements

For the year ended 31 December 2001

12. Stocks

	2001 £	2000 £
Short term work in progress	-	65,400
Finished goods and goods for resale	-	1,562
	<u>-</u>	<u>66,962</u>

13. Debtors

	2001 £	2000 £
Trade debtors	432,612	623,009
Amounts owed by group undertakings	426,856	-
Other debtors	4,752	2,432
Prepayments and accrued income	221,705	100,560
	<u>1,085,925</u>	<u>726,001</u>

14. Creditors: amounts falling due within one year

	2001 £	2000 £
Net obligations under finance leases and hire purchase contracts	24,484	41,892
Trade creditors	315,453	191,049
Corporation tax	-	41,157
Other taxes and social security costs	116,699	116,577
Accruals and deferred income	424,114	414,573
	<u>880,750</u>	<u>805,248</u>

15. Creditors: amounts falling due after more than one year

	2001 £	2000 £
Net obligations under finance leases and hire purchase contracts	<u>8,422</u>	<u>32,906</u>

CASTLE COMPUTER SERVICES (EDINBURGH) LIMITED

Notes to the Financial Statements

For the year ended 31 December 2001

16. Obligations under finance leases and hire purchase contracts

	2001 £	2000 £
The company's obligations are repayable as follows:		
Net obligations analysed as follows:		
Included in creditors - amounts falling due within one year	24,484	41,892
Included in creditors - amounts falling due after more than one year	8,422	32,906
	<u>32,906</u>	<u>74,798</u>

17. Share capital

	2001 £	2000 £
Authorised:		
Equity interests:		
100,000 Ordinary shares of £1 each	100,000	100,000
Non-equity interests:		
55,000 preference shares of £1 each	55,000	55,000
	<u>155,000</u>	<u>155,000</u>
Allotted, called up and fully paid:		
Equity interests:		
100,000 Ordinary shares of £1 each	100,000	100,000
Non-equity interests:		
55,000 preference shares of £1 each	55,000	55,000
	<u>155,000</u>	<u>155,000</u>

18. Other reserves

	2001 £	2000 £
Special reserve		
Balance at 1 January 2001 and 31 December 2001	<u>3,015</u>	<u>3,015</u>
Total other reserves	<u>3,015</u>	<u>3,015</u>

CASTLE COMPUTER SERVICES (EDINBURGH) LIMITED

Notes to the Financial Statements

For the year ended 31 December 2001

19. Profit and loss account

	2001 £	2000 £
Retained profit as at 1 January 2001	239,608	102,174
Profit for the year	71,380	137,434
Retained profit as at 31 December 2001	<u>310,988</u>	<u>239,608</u>

20. Reconciliation of movements in shareholders' funds

	2001 £	2000 £
Profit for the year	71,380	182,434
Dividends	-	(45,000)
Net addition to shareholders' funds	71,380	137,434
Opening shareholders' funds	397,623	260,189
Closing shareholders' funds	<u>469,003</u>	<u>397,623</u>
Represented by:-		
Equity interests	414,003	342,623
Non-equity interests	55,000	55,000
	<u>469,003</u>	<u>397,623</u>

21. Revenue commitments

At year end the company was committed to making the following payments during the next year in respect of operating leases with expiry dates as follows:

	Land and buildings		Other	
	2001 £	2000 £	2001 £	2000 £
More than one year and less than five years	<u>55,000</u>	<u>57,000</u>	<u>32,549</u>	<u>-</u>

CASTLE COMPUTER SERVICES (EDINBURGH) LIMITED

Notes to the Financial Statements

For the year ended 31 December 2001

22. Related party disclosures

Transactions took place during the year with Castle Computer Services (Glasgow) Limited, a 100% subsidiary undertaking. The balance owing from the subsidiary at the year end amounted to £426,856. This is shown under debtors, and is expected to be fully recoverable.

23. Subsidiary undertaking

On 31 March 2001 the company acquired 100% of the ordinary shares of Castle Computer Services (Glasgow) Limited, located in Glasgow. The aggregate capital and reserves of the subsidiary at 31 December 2001 were in deficit by £430,761. The loss for the nine months to 31 December was £430,763.

Castle Computer Services (Edinburgh) Limited is exempt from preparing group accounts on the basis that it qualifies as a medium group under the Companies Act 1985.

CASTLE COMPUTER SERVICES (EDINBURGH) LIMITED

**Detailed Trading and Profit and Loss Account
For the year ended 31 December 2001**

	£	£	£	£
Turnover				
Sales		2,852,029		3,213,641
Cost of sales				
Purchases	740,654		980,961	
Maintenance charges	136,639		269,732	
Wages and salaries	1,090,839		1,164,422	
	<u>1,968,132</u>		<u>2,415,115</u>	
		(1,968,132)		(2,415,115)
Gross profit	31.0%	<u>883,897</u>	24.8%	<u>798,526</u>
Administrative expenses		(816,230)		(609,214)
		<u>67,667</u>		<u>189,312</u>
Other operating income				
Sundry income		-		25,633
Operating profit		<u>67,667</u>		<u>214,945</u>
Other income and expenses				
Income from investments:				
Profit on disposal of investments		6,161		-
Interest receivable:				
Bank deposit interest		2,628		14,850
Interest payable:				
Hire purchase interest		(5,908)		(6,221)
Net profit for the year		<u><u>70,548</u></u>		<u><u>223,574</u></u>

CASTLE COMPUTER SERVICES (EDINBURGH) LIMITED

**Administrative expenses
For the year ended 31 December 2001**

	2001	2000
	£	£
ADMINISTRATIVE EXPENSES		
Wages and salaries (excl. N.I.)	90,103	64,839
Employer's N.I. contributions	44,864	12,021
Directors' pension costs defined contribution	4,204	38,146
Staff pension costs defined contribution	39,282	13,736
Staff training	3,628	7,714
Rates and rent	89,172	79,220
Insurance	19,255	16,996
Light and heat	5,536	7,151
Repairs and maintenance	5,532	18,195
Cleaning	3,690	2,743
Stationery, printing & office supplies	28,297	23,373
Advertising & exhibition expenses	97,557	41,906
Telephone	25,139	26,246
Motor, travel and subsistence	128,356	121,499
Entertaining	11,641	13,055
Legal and prof fees	25,100	6,940
Accountancy	-	1,785
Non audit remuneration paid to auditors	4,930	-
Audit fees	5,500	5,230
Bank charges	3,308	1,989
Bad and doubtful debts	67,017	2,521
Sundry expenses	33,043	28,919
Depreciation on fixed assets	62,628	42,542
Depreciation on leased assets	18,656	38,186
Profit/loss on sale of tangible assets	-	(5,796)
Profit/loss on foreign exchange	(208)	58
	816,230	609,214