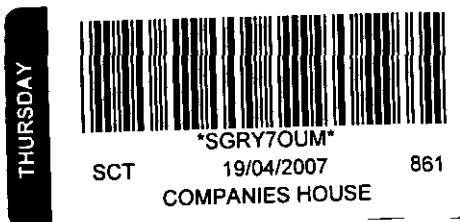


CASTLE COMPUTER SERVICES LIMITED

Registered number: SC080997

Directors' Report and Financial Statements

For the year ended 31 December 2006



CASTLE COMPUTER SERVICES LIMITED

Company information

Directors	A M Munro G A Strathie A Quinn P J McTaggart G M Thomson
Secretary	P Munro
Company number	SC080997
Registered office	Stewart House Pochard Way Strathclyde Business Park Bellshill ML4 3HB
Auditors	Scott Moncreiff Chartered Accountants Registered Auditor 17 Melville Street Edinburgh EH3 7PH
Bankers	Bank of Scotland 38 St Andrew Square Edinburgh EH2 2YR
Solicitors	HBJ Gateley Wareing Exchange Tower 19 Canning Street Edinburgh EH3 8EH

CASTLE COMPUTER SERVICES LIMITED

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CASTLE COMPUTER SERVICES LIMITED

Report of the Directors

The directors present their report and the financial statements for the year ended 31 December 2006

Statement of 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 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 keeping 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.

Disclosure of information to auditors

As far as each of the directors at the time of the report is approved are aware

- there is no relevant information of which the company's auditors are unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish the auditors are aware of the information

Principal activities and review of business

The principal activity of the group in the year under review was the supply, implementation and support of application and operating software and hardware.

The net profit for the group after providing for taxation for the year amounted to £248,664.

We remain totally committed to servicing our customers' needs and we continue as always to invest in our people, business infrastructure and customer services. Our aim is to differentiate ourselves from our competitors by offering the highest quality value added support service. We plan to grow via both acquisition and organically with additional products complementing our existing offerings of SunSystems, Exchequer, Pegasus and Technical Services.

Directors

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 were as follows

	Ordinary shares of £1 each		A Ordinary Shares of £10 each	
	<u>31/12/06</u>	<u>1/1/06</u>	<u>31/12/06</u>	<u>1/1/06</u>
A M Munro	50,589	50,589	1	1
G A Strathie	20,000	20,000	1	1
A Quinn	20,000	15,000	1	1
P McTaggart (Appointed 1 September 2006)				
G M Thomson				

Auditors

The auditors, Scott Moncrieff, will be proposed for reappointment in accordance with section 385 of the Companies Act 1985.

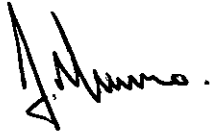
CASTLE COMPUTER SERVICES LIMITED

Report of the Directors (continued)

Small Company Exemptions

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies

This report was approved by the board on 26 March 2007 and signed on its behalf by

A handwritten signature in black ink, appearing to read 'A M Munro', followed by a period.

A M Munro
Director

CASTLE COMPUTER SERVICES LIMITED

Independent auditors' report to the shareholders of Castle Computer Services Limited

We have audited the financial statements of Castle Computer Services Limited for the year ended 31 December 2006 set out on pages 4 to 13 which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005), under the historical cost convention and the accounting policies set out on pages 7 to 8

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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.

Respective responsibilities of 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 (United Kingdom Generally Accepted Accounting Principles).

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

We report to you our opinion as to whether the financial statements give a true and fair view and 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 group 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 report to you whether the information given in the directors' report is consistent with the financial statements.

Basis of audit opinion

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

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

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with the United Kingdom Generally Accepted Accounting Practice applicable to smaller entities, of the state of the affairs of the group and the parent company as at 31 December 2006 and of the group's profit for the year then ended, and
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors' report is consistent with the financial statements.

Scott-Moncrieff
Scott-Moncrieff

Chartered Accountants

Registered Auditor

17 Melville Street

Edinburgh

EH3 7PH

Date: *26 March 2007*

CASTLE COMPUTER SERVICES LIMITED

Group Profit and Loss account For the year ended 31 December 2006

	Note	2006 £	2005 £
Turnover		5,201,152	5,194,357
Cost of sales		(3,069,139)	(2,945,948)
Gross profit		2,132,013	2,248,409
Administrative expenses		(1,847,619)	(1,746,016)
Operating profit	2	284,394	502,393
Investment income		52,483	37,453
Interest payable and similar charges		(846)	(3,192)
Profit on ordinary activities before taxation		336,031	536,654
Tax on profit on ordinary activities	3	(87,367)	(142,089)
Profit on ordinary activities after taxation		248,664	394,565
Dividends	4	(113,712)	(200,412)
Retained profit for the financial year	11	134,952	194,153

The company has taken advantage of Section 230 of the Companies Act 1985 not to publish its own Profit and Loss Account

The notes on pages 7 to 13 form part of these financial statements

CASTLE COMPUTER SERVICES LIMITED

Group Balance Sheet As at 31 December 2006

	Note	2006 £	2005 £
Fixed assets			
Tangible fixed assets	5	126,035	118,595
Investments	6	209,781	210,362
		<u>335,816</u>	<u>328,957</u>
Current assets			
Stocks	7	27,210	25,486
Debtors	8	1,196,143	908,052
Cash at bank and in hand		1,096,513	1,239,377
		<u>2,319,866</u>	<u>2,172,915</u>
Creditors: amounts falling due within one year	9	<u>(2,094,652)</u>	<u>(2,007,044)</u>
Net current assets		225,214	165,871
Total assets less current liabilities		<u>561,030</u>	<u>494,828</u>
Net assets		<u>561,030</u>	<u>494,828</u>
Capital and reserves			
Called up share capital	10	113,780	127,530
Share premium account		5,400	5,400
Other reserves		44,265	30,515
Profit and loss account	11	397,585	331,383
Shareholders' funds - all equity	12	<u>561,030</u>	<u>494,828</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 in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005)

The financial statements were authorised for issue by the board on 26 March 2007 and signed on its behalf by

A Quinn
Director

G A Strathie
Director

The notes on pages 7 to 13 form part of these financial statements

CASTLE COMPUTER SERVICES LIMITED

Company Balance sheet As at 31 December 2006

	Note	£	2006 £	£	2005 £
Fixed assets					
Tangible fixed assets	5		126,035		118,595
Investments	6		11,603		12,184
			<u>137,638</u>		<u>130,779</u>
Current assets					
Stocks	7	27,210		25,486	
Debtors	8	1,394,321		1,106,230	
Cash at bank and in hand		1,096,513		1,239,377	
			<u>2,518,044</u>	<u>2,371,093</u>	
Creditors: amounts falling due within one year	9	(2,094,652)		(2,007,044)	
Net current assets			423,392		364,049
Net assets			<u>561,030</u>		<u>494,828</u>
Capital and reserves					
Called up share capital	10		113,780		127,530
Share premium account			5,400		5,400
Other reserves			44,265		30,515
Profit and loss account	11		397,585		331,383
Shareholders' funds all equity	12		<u>561,030</u>		<u>494,828</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 in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005)

The financial statements were authorised for issue by the board on 26 March 2007 and signed on its behalf by

A Quinn
Director



G A Strathie
Director



CASTLE COMPUTER SERVICES LIMITED

Notes to the Financial Statements For the year Ended 31 December 2006

1. Accounting policies

Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005)

Basis of consolidation

The consolidated financial statements incorporate the results of Castle Computer Services Limited and its subsidiary undertakings as at 31 December 2006 using the acquisition method of accounting

Turnover and Cost of sales

Turnover comprises the value of goods and services supplied by the group, exclusive of Value Added Tax and trade discounts. Turnover includes maintenance contract income that is recognised over the period of a contract on a straight line basis

Maintenance contract costs are recognised over the period of a contract on a straight line basis and included in Cost of sales

Tangible fixed assets and depreciation

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

Plant and machinery	33% straight line
Motor vehicles	25% straight line
Office furniture and fittings	20% straight line

Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow moving stocks. Cost includes all direct costs

Leasing and hire purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the group. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period

Operating leases

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the profit and loss account on the straight line basis over the lease term

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 ruling on the date of the transaction. Exchange differences are taken into account in arriving at the operating profit

CASTLE COMPUTER SERVICES LIMITED

Notes to the Financial Statements For the year ended 31 December 2006

Pensions

The group operates a defined contribution pension scheme and the pension charge represents the amounts payable by the group to the fund in respect of the year

Deferred tax

Provision is made in full for all taxation deferred in respect of timing differences that have originated but not reversed by the balance sheet date, except for gains on disposal of assets which are rolled over into replacement assets. No provision is made for taxation on permanent differences

Investments

Fixed asset investments are stated at cost, less any provisions required where there has been a permanent diminution in value

Investment property

Investment properties are valued at their open market value at the balance sheet date. Any surplus on revaluation is transferred to the investment property revaluation reserve. Any deficit is deducted from the investment property revaluation reserve, except for permanent diminutions in value, which are charged to the profit and loss

No depreciation is provided in respect of freehold investment property, in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005). This treatment is contrary to the requirements of the Companies Act 1985 to provide for depreciation but it is considered necessary to ensure the financial statements give a true and fair view. Depreciation is only one of the factors reflected at the balance sheet date valuation and the amount that might otherwise have been shown cannot be separately identified or quantified

Cash Flow

The financial statements do not include a cash flow statement because the company and the group, as a small reporting entity, is exempt from the requirements to prepare such a statement under the Financial Reporting Standard for Smaller Entities (effective January 2005)

2 Operating profit

The operating profit is stated after charging

	Group	
	2006	2005
	£	£
Amortisation intangible fixed assets		7,883
Depreciation of tangible fixed assets	70,517	72,332
Auditors' remuneration	11,000	10,500
Pension Costs	<u>62,684</u>	<u>57,247</u>

3. Tax on profit on ordinary activities

	2006	2005
	£	£
UK corporation tax on profits of the year	87,367	142,089
Adjustments in respect of prior periods	<u>87,367</u>	<u>142,089</u>

There were no factors that affected the tax charge for the year which has been calculated on the profits on ordinary activities before tax at the standard rate of corporation tax in the UK

There were no factors that may affect future tax charges

CASTLE COMPUTER SERVICES LIMITED

Notes to the Financial Statements For the year ended 31 December 2006

4. Dividends

On equity shares:

	Group	
	2006 £	2005 £
Interim Dividends paid – A ordinary shares	113,712	186,968
Final Dividend Proposed – A ordinary shares		13,444
	<u>113,712</u>	<u>200,412</u>

5. Tangible fixed assets

Group	Plant and machinery £	Motor vehicles £	Furniture, fittings and equipment £	Total £
Cost				
At 1 January 2006	184,874	107,684	79,818	372,376
Additions	52,773		25,184	77,957
Disposals		(11,000)		(11,000)
At 31 December 2006	<u>237,647</u>	<u>96,684</u>	<u>105,002</u>	<u>439,333</u>
Depreciation				
At 1 January 2006	115,136	91,434	47,211	253,781
Charge for the year	44,231	11,334	14,952	70,517
On disposals		(11,000)		(11,000)
At 31 December 2006	<u>159,367</u>	<u>91,768</u>	<u>62,163</u>	<u>313,298</u>
Net book value				
At 31 December 2006	<u>78,280</u>	<u>4,916</u>	<u>42,839</u>	<u>126,035</u>
At 31 December 2005	<u>69,738</u>	<u>16,250</u>	<u>32,607</u>	<u>118,595</u>

Included within fixed assets are assets held under finance lease and hire purchase agreements with a net book value of £Nil (2005 £10,814) Depreciation charged on these assets during the year was £Nil (2005 £5,898)

CASTLE COMPUTER SERVICES LIMITED

Notes to the Financial Statements For the year ended 31 December 2006

5 Tangible fixed assets (continued)

Company	Plant and machinery £	Motor vehicles £	Furniture, fittings and equipment £	Total £
Cost				
At 1 January 2006	69,738	16,250	32,607	118,595
Additions	52,773		25,184	77,957
Disposals		(11,000)		(11,000)
At 31 December 2006	<u>122,511</u>	<u>5,250</u>	<u>57,791</u>	<u>185,552</u>
Depreciation				
At 1 January 2006				
Charge for the year	44,231	11,334	14,952	70,517
On disposals		(11,000)		(11,000)
At 31 December 2006	<u>44,231</u>	<u>334</u>	<u>14,952</u>	<u>59,517</u>
Net book value				
At 31 December 2006	<u>78,280</u>	<u>4,916</u>	<u>42,839</u>	<u>126,035</u>
At 31 December 2005	<u>69,738</u>	<u>16,250</u>	<u>32,607</u>	<u>118,595</u>

Included within fixed assets are assets held under finance lease and hire purchase agreements with a net book value of £Nil (2005 £10,814)

6. Fixed asset investments

Group	Listed investments £	Other investments £	Total £
Cost			
At 1 January 2006	12,181	198,181	210,362
Disposals	(581)		(581)
At 31 December 2006	<u>11,600</u>	<u>198,181</u>	<u>209,781</u>

Company

In addition to the listed investments above of £11,600, the company holds an investment with a value of £2 in Castle Computer Services (Edinburgh) Limited and an investment with a value of £1 in Castle Computer Services (Glasgow) Limited resulting in total investments of £11,603. Both of these investments represent 100% of the issued Share Capital of the respective companies.

Listed investments

The market value of the listed investments at 31 December 2006 was £13,313 (2005 £15,382)

7. Stocks

	Company		Group	
	2006 £	2005 £	2006 £	2005 £
Finished goods and goods for resale	<u>27,210</u>	<u>25,486</u>	<u>27,210</u>	<u>25,486</u>

CASTLE COMPUTER SERVICES LIMITED

Notes to the Financial Statements For the year ended 31 December 2006

8. Debtors

	Company		Group	
	2006	2005	2006	2005
	£	£	£	£
Due within one year				
Trade debtors	849,997	597,853	849,997	597,853
Amounts due from group companies	198,179	198,179		
Other debtors	346,145	310,198	346,146	310,199
	<u>1,394,321</u>	<u>1,106,230</u>	<u>1,196,143</u>	<u>908,052</u>

9. Creditors: amounts falling due within one year

	Company		Group	
	2006	2005	2006	2005
	£	£	£	£
Trade creditors	528,258	516,740	528,258	516,740
Finance lease and hire purchase		4,444		4,444
Tax and social security	264,620	326,496	264,620	326,496
Other creditors	1,301,774	1,159,364	1,301,774	1,159,364
	<u>2,094,652</u>	<u>2,007,044</u>	<u>2,094,652</u>	<u>2,007,044</u>

10. Share capital

	2006	2005
	£	£
Authorised		
100,000 Ordinary shares of £1 each	100,000	100,000
55,000 Preference shares of £1 each	55,000	55,000
3 A Ordinary shares of £10 each	30	30
	<u>155,030</u>	<u>155,030</u>
Allotted, called up and fully paid		
100,000 Ordinary shares of £1 each	100,000	100,000
27,500 Preference shares of £1 each	13,750	27,500
3 A Ordinary shares of £10 each	<u>30</u>	<u>30</u>
	<u>113,780</u>	<u>127,530</u>

On 1 July 2006 13,750 Preference Shares of £1 00 each were bought back by the company for £68,750

CASTLE COMPUTER SERVICES LIMITED

Notes to the Financial Statements For the year Ended 31 December 2006

11. Reserves

	Company £	Group £
Share premium account		
At 1 January 2006	5,400	5,400
At 31 December 2006	<u>5,400</u>	<u>5,400</u>
Profit and loss account	£	£
At 1 January 2006	331,383	331,383
Profit retained for year	134,952	134,952
Purchase of own share capital	(68,750)	(68,750)
At 31 December 2006	<u>397,585</u>	<u>397,585</u>
Capital redemption reserve	£	£
At 1 January 2006	30,515	30,515
On buy back of shares	<u>13,750</u>	<u>13,750</u>
At 31 December 2006	<u>44,265</u>	<u>44,265</u>

In accordance with section 230 of the Companies Act, the Company has not presented its own profit and loss account. The Company's profit for the financial year was £134,952 (2005 £557,346)

12. Reconciliation of movement in shareholders' funds

Group	2006 £	2005 £
Profit for the year	134,952	194,153
Shares issued in the year		5,000
Share premium on shares issued		1,200
Shares redeemed during the year	(68,750)	(68,750)
	<u>66,202</u>	<u>131,603</u>
Opening shareholders' funds	<u>494,828</u>	<u>363,225</u>
Closing shareholders' funds	<u>561,030</u>	<u>494,828</u>
Company	2006 £	2005 £
Profit for the year	134,952	557,346
Shares issued in the year		5,000
Share premium on shares issued		1,200
Shares redeemed during the year	(68,750)	(68,750)
	<u>66,202</u>	<u>494,796</u>
Opening shareholders' funds	<u>494,828</u>	<u>32</u>
Closing shareholders' funds	<u>561,030</u>	<u>494,828</u>

CASTLE COMPUTER SERVICES LIMITED

Notes to the Financial Statements For the year Ended 31 December 2006

13. Pension Commitments

The group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund and amounted to £62,684 (2005 £57,247)

14. Operating Lease Commitments

At 31 December 2006 the group had annual commitments under non cancellable operating leases as follows

	Land and buildings		Other	
	2006	2005	2006	2005
	£	£	£	£
Expiry date:				
Within 1 year	1,477			829
Between 2 and 5 years		5,908	19,744	5,878
After more than 5 years	<u>52,895</u>	<u>52,895</u>		
	<u>54,372</u>	<u>58,803</u>	<u>19,744</u>	<u>6,707</u>

15. Controlling Party

The ultimate controlling party is Mr A M Munro