

**CASTLE COMPUTER SERVICES LIMITED**

***Registered number: SC080997***

**Directors' Report and Financial Statements**

**For the year ended 31 December 2008**

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# CASTLE COMPUTER SERVICES LIMITED

## Company information

|                          |                                                                                                              |
|--------------------------|--------------------------------------------------------------------------------------------------------------|
| <b>Directors</b>         | A M Munro<br>G A Strathie<br>A Quinn<br>P McTaggart<br>G M Thomson                                           |
| <b>Secretary</b>         | P Munro                                                                                                      |
| <b>Company number</b>    | SC080997                                                                                                     |
| <b>Registered office</b> | Stewart House<br>Pochard Way<br>Strathclyde Business Park<br>Bellshill<br>ML4 3HB                            |
| <b>Auditors</b>          | Scott-Moncrieff<br>Chartered Accountants<br>Registered Auditor<br>17 Melville Street<br>Edinburgh<br>EH3 7PH |
| <b>Bankers</b>           | Bank of Scotland<br>38 St Andrew Square<br>Edinburgh<br>EH2 2YR                                              |
| <b>Solicitors</b>        | HBJ Gateley Wareing<br>Exchange Tower<br>19 Canning Street<br>Edinburgh<br>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 group consolidated financial statements for the year ended 31 December 2008.

#### **Principal activity**

The principal activity of the group in the year under review was the supply, implementation and support of application software and technical I.T solutions including operating software and hardware, particularly Virtualisation. Castle's Mission is to help our customers serve their customers better using I.T.

#### **Review of the business and future developments**

The net profit for the group after providing for taxation for the year amounted to £320,934. The year ended 31 December 2008 produced a record level of turnover and new customer acquisitions for many areas of the business. This together with effective delivery of projects resulted in a healthy profit for the year.

Going forward, Castle remains 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 a focus both on our Financial Application and Technical divisions.

#### **Political and charitable contributions**

During the year the group made donations to local charities of £1,670 (2007: £741).

#### **Risks and uncertainties**

The operation of the company involves a series of risks and uncertainties in the following areas:

**Customers and Competition:** The company operates in a competitive market place and Castle addresses the risks in this area by focusing on working with its customers to provide them with a proven return on their investment. Every activity undertaken by Castle is underpinned by proven methodologies and a focus on providing the highest quality of service.

**Technology:** The company operates in a sector where technology is continually advancing. This creates both risks and opportunities and Castle is dedicated to keeping abreast of the latest technologies and identifying where they can be deployed to the benefit of its customers. It has a strong focus on internal training to ensure that its staff have the skills required to deliver quality services to its clients. A focus on training and career progression also helps it recruit and retain quality personnel which is important in the sector in which Castle operates.

**Financing:** The company currently funds its operation through its own resources, has a strong cash position and has no current requirement for external bank funding. This current position, together with strong internal financial systems, is of benefit to Castle in addressing the risks associated with the current economic and financial climate.

#### **Directors**

The directors in office in during the year were as follows:

A M Munro  
G A Strathie  
A Quinn  
P McTaggart  
G M Thomson

**CASTLE COMPUTER SERVICES LIMITED**  
**Report of the Directors (continued)**

**Employees**

The success of Castle is a testament to the quality of its employees and the Directors would like to thank all employees for their continued efforts, support and dedication. Going forward Castle will continue its investment in the highest levels of training for its staff.

It is group policy to offer the same opportunity to disabled people as to all others in matters of recruitment and career advancement, provided that they have the ability to perform the tasks required with or without training, and to institute re-training where practicable in cases where the disability was incurred during their employment with the group.

**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 the group and of the profit or loss of for that year. 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 group 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 group 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:

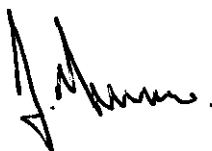
- there is no relevant information of which the company's auditors are unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish the auditors are aware of the information.

**Auditors**

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

**22 JUN 2009**

This report was approved by the board on ..... and signed on its behalf by:



**A M Munro**  
Director

## **CASTLE COMPUTER SERVICES LIMITED**

### **Independent auditor's 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 2008 set out on pages 4 to 16. These financial statements have been prepared under the accounting policies set out therein.

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 United Kingdom Generally Accepted Accounting Practice; of the state of the affairs of the group and the company as at 31 December 2008 and of the group's profit for the year then ended;
- 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 Auditors**  
**17 Melville Street**  
**Edinburgh**  
**EH3 7PH**  
**Date: 22 JUN 2009**

# CASTLE COMPUTER SERVICES LIMITED

## Group Profit and Loss account For the year ended 31 December 2008

|                                                      | Note | 2008<br>£        | 2007<br>£        |
|------------------------------------------------------|------|------------------|------------------|
| Turnover                                             |      | 5,698,217        | 5,306,696        |
| Cost of sales                                        |      | (3,225,511)      | (3,051,882)      |
| <b>Gross profit</b>                                  |      | <u>2,472,706</u> | <u>2,254,814</u> |
| Administrative expenses                              |      | (2,114,493)      | (1,939,892)      |
| <b>Operating profit</b>                              | 2    | <u>358,213</u>   | <u>314,922</u>   |
| Investment income                                    | 4    | 75,664           | 76,479           |
| Interest payable and similar charges                 | 5    | (538)            | (23)             |
| <b>Profit on ordinary activities before taxation</b> |      | <u>433,339</u>   | <u>391,378</u>   |
| Tax on profit on ordinary activities                 | 6    | (112,405)        | (88,204)         |
| <b>Profit on ordinary activities after taxation</b>  | 13   | <u>320,934</u>   | <u>303,174</u>   |

### Continuing operations

None of the group's activities were discontinued during either year. The group has no recognised gains or losses other than those included in the profit and loss account for either year.

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 8 to 16 form part of these financial statements.

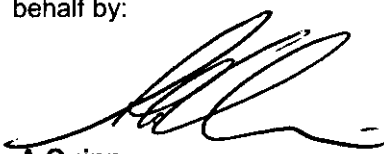
# CASTLE COMPUTER SERVICES LIMITED

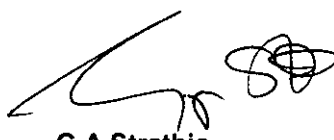
## Group Balance Sheet As at 31 December 2008

|                                                       | Note | £           | 2008 | £                | £           | 2007             | £ |
|-------------------------------------------------------|------|-------------|------|------------------|-------------|------------------|---|
| <b>Fixed assets</b>                                   |      |             |      |                  |             |                  |   |
| Tangible fixed assets                                 | 7    |             |      | 162,732          |             | 163,065          |   |
| Investments                                           | 8    |             |      | 209,781          |             | 209,781          |   |
|                                                       |      |             |      | <u>372,513</u>   |             | <u>372,846</u>   |   |
| <b>Current assets</b>                                 |      |             |      |                  |             |                  |   |
| Stocks                                                | 9    | 33,778      |      |                  | 29,746      |                  |   |
| Debtors                                               | 10   | 2,001,584   |      |                  | 1,245,309   |                  |   |
| Cash at bank and in hand                              |      | 1,334,450   |      |                  | 1,362,946   |                  |   |
|                                                       |      |             |      | <u>3,369,812</u> |             | <u>2,638,001</u> |   |
| <b>Creditors:</b> amounts falling due within one year | 11   | (2,903,840) |      |                  | (2,345,053) |                  |   |
|                                                       |      |             |      | <u>465,972</u>   |             | <u>292,948</u>   |   |
| <b>Net current assets</b>                             |      |             |      |                  |             |                  |   |
|                                                       |      |             |      | <u>838,485</u>   |             | <u>665,794</u>   |   |
| <b>Net assets</b>                                     |      |             |      |                  |             |                  |   |
| <b>Capital and reserves</b>                           |      |             |      |                  |             |                  |   |
| Called up share capital                               | 12   |             |      | 100,030          |             | 100,030          |   |
| Share premium account                                 |      |             |      | 5,400            |             | 5,400            |   |
| Other reserves                                        |      |             |      | 58,015           |             | 58,015           |   |
| Profit and loss account                               | 13   |             |      | 675,040          |             | 502,349          |   |
|                                                       |      |             |      | <u>838,485</u>   |             | <u>665,794</u>   |   |
| <b>Shareholders' funds - all equity</b>               | 14   |             |      |                  |             |                  |   |

22 JUN 2009

The financial statements were authorised for issue by the board on ..... and signed on its behalf by:

  
A Quinn  
Director

  
G A Strathie  
Director

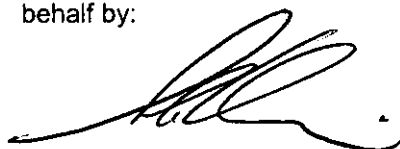
The notes on pages 8 to 16 form part of these financial statements.

# CASTLE COMPUTER SERVICES LIMITED

## Company Balance sheet As at 31 December 2008

|                                                       | Note | 2008<br>£          | 2007<br>£          |
|-------------------------------------------------------|------|--------------------|--------------------|
| <b>Fixed assets</b>                                   |      |                    |                    |
| Tangible fixed assets                                 | 7    | 162,732            | 163,065            |
| Investments                                           | 8    | 11,603             | 11,603             |
|                                                       |      | <u>174,335</u>     | <u>174,668</u>     |
| <b>Current assets</b>                                 |      |                    |                    |
| Stocks                                                | 9    | 33,778             | 29,746             |
| Debtors                                               | 10   | 2,199,763          | 1,443,488          |
| Cash at bank and in hand                              |      | 1,334,449          | 1,362,945          |
|                                                       |      | <u>3,367,990</u>   | <u>2,836,179</u>   |
| <b>Creditors:</b> amounts falling due within one year | 11   | <u>(2,903,840)</u> | <u>(2,345,053)</u> |
| <b>Net current assets</b>                             |      | <u>664,150</u>     | <u>491,126</u>     |
| <b>Net assets</b>                                     |      | <u>838,485</u>     | <u>665,794</u>     |
| <b>Capital and reserves</b>                           |      |                    |                    |
| Called up share capital                               | 12   | 100,030            | 100,030            |
| Share premium account                                 |      | 5,400              | 5,400              |
| Other reserves                                        |      | 58,015             | 58,015             |
| Profit and loss account                               | 13   | 675,040            | 502,349            |
| <b>Shareholders' funds - all equity</b>               | 14   | <u>838,485</u>     | <u>665,794</u>     |

The financial statements were authorised for issue by the board on 22 JUN 2009 and signed on its behalf by:



**A Quinn**  
Director



**G A Strathie**  
Director

The notes on pages 8 to 16 form part of these financial statements.

# CASTLE COMPUTER SERVICES LIMITED

## Group Cash Flow statement For the year ended 31 December 2008

|                                                                 | 2008                   | 2007                  |
|-----------------------------------------------------------------|------------------------|-----------------------|
|                                                                 | £                      | £                     |
| <b>Reconciliation of operating profit to net cash flow</b>      |                        |                       |
| Operating profit                                                | 358,213                | 314,922               |
| Depreciation                                                    | 80,410                 | 83,799                |
| (Gain)/loss on disposal of fixed assets                         | (9,300)                | (2,700)               |
| Change in stocks                                                | (4,032)                | (2,536)               |
| Change in debtors                                               | (756,275)              | (49,166)              |
| Change in creditors                                             | 532,759                | 280,570               |
| Operating cash flow                                             | <u>201,775</u>         | <u>624,889</u>        |
| <b>Cash flow statement</b>                                      |                        |                       |
| Operating cash flow                                             | 201,775                | 624,889               |
| <b>Returns on investments and servicing of finance</b>          |                        |                       |
| Interest received                                               | 75,664                 | 76,479                |
| Interest paid on bank loans and overdrafts                      | <u>(538)</u>           | <u>(23)</u>           |
|                                                                 | 75,126                 | 76,456                |
| <b>Taxation</b>                                                 |                        |                       |
| Corporation tax paid                                            | (103,229)              | (76,919)              |
| <b>Capital expenditure and financial investment</b>             |                        |                       |
| Payments to acquire tangible fixed assets                       | (87,759)               | (120,829)             |
| Receipts from sale of tangible fixed assets                     | <u>16,982</u>          | <u>2,700</u>          |
| Net cash flow from capital expenditure and financial investment | (70,777)               | (118,129)             |
| <b>Equity dividends paid</b>                                    | (131,391)              | (171,114)             |
| Net cash flow before financing                                  | <u>(28,496)</u>        | <u>335,183</u>        |
| <b>Financing</b>                                                |                        |                       |
| Purchase of own share capital                                   | <u>-</u>               | <u>(68,750)</u>       |
| Net cash flow for the year                                      | <u><u>(28,496)</u></u> | <u><u>266,433</u></u> |

The notes on pages 8 to 16 form part of these financial statements

# CASTLE COMPUTER SERVICES LIMITED

## Notes to the Financial Statements For the year Ended 31 December 2008

### 1. Accounting policies

#### ***Basis of accounting***

The financial statements have been prepared on the historical cost basis of accounting (as modified by the revaluation of certain fixed assets) in accordance with applicable accounting standards.

#### ***Basis of consolidation***

The group financial statements consolidate the financial statements of the company and all undertakings over which the group exercises a dominant influence. Results of subsidiary undertakings are included from the date of acquisition. No profit and loss account has been prepared for the company as provided by section 230 of the Companies Act 1985.

#### ***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.

#### ***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.

#### ***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.

# CASTLE COMPUTER SERVICES LIMITED

## Notes to the Financial Statements For the year ended 31 December 2008

### Accounting policies (continued)

#### *Deferred tax*

Deferred taxation is provided in respect of the tax effect of all timing differences in accordance with FRS19.

#### *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 SSAP 19. 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.

## 2. Operating profit

The operating profit is stated after charging:

|                                       | Group         |               |
|---------------------------------------|---------------|---------------|
|                                       | 2008          | 2007          |
|                                       | £             | £             |
| Depreciation of tangible fixed assets | 80,410        | 83,798        |
| Auditors' remuneration                | 11,400        | 11,400        |
| Pension costs                         | <u>60,753</u> | <u>52,789</u> |

# CASTLE COMPUTER SERVICES LIMITED

## Notes to the Financial Statements For the year ended 31 December 2008

### 3. Staff Costs and Numbers

|                              | Group and<br>company<br>2008<br>£ | Group and<br>company<br>2007<br>£ |
|------------------------------|-----------------------------------|-----------------------------------|
| Staff costs were as follows: |                                   |                                   |
| Wages and salaries           | 2,141,323                         | 2,081,362                         |
| Social security costs        | 222,869                           | 222,336                           |
| Pension costs                | 60,753                            | 52,789                            |
|                              | <u>2,424,945</u>                  | <u>2,356,487</u>                  |

The average monthly number of employees within the group and company was 61 (2007: 58).

|                                                                        | 2008<br>No. | 2007<br>No. |
|------------------------------------------------------------------------|-------------|-------------|
| The staff of the group and company worked in the following activities: |             |             |
| - Sales, Marketing, Implementation and Support                         | 50          | 47          |
| - Management and Administration                                        | 11          | 11          |
|                                                                        | <u>61</u>   | <u>58</u>   |

### 4. Investment income and interest receivable

|               | Group and<br>company<br>2008<br>£ | Group and<br>company<br>2007<br>£ |
|---------------|-----------------------------------|-----------------------------------|
| Bank interest | <u>75,664</u>                     | <u>76,479</u>                     |

### 5. Interest payable and similar charges

|                           | Group and<br>company<br>2008<br>£ | Group and<br>company<br>2007<br>£ |
|---------------------------|-----------------------------------|-----------------------------------|
| Bank loans and overdrafts | <u>538</u>                        | <u>23</u>                         |

# CASTLE COMPUTER SERVICES LIMITED

## Notes to the Financial Statements For the year ended 31 December 2008

### 6. Tax on profit on ordinary activities

|                                                            | 2008<br>£      | 2007<br>£     |
|------------------------------------------------------------|----------------|---------------|
| UK corporation tax - current year                          | 103,617        | 94,440        |
| UK corporation tax – adjustments in respect of prior years | 3,314          | (11,444)      |
| Overseas taxation                                          | <u>5,474</u>   | <u>5,208</u>  |
|                                                            | <u>112,405</u> | <u>88,204</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.

### 7. Tangible fixed assets

| Group                 | Plant and<br>machinery<br>£ | Motor<br>vehicles<br>£ | Furniture,<br>fittings and<br>equipment<br>£ | Total<br>£     |
|-----------------------|-----------------------------|------------------------|----------------------------------------------|----------------|
| <b>Cost</b>           |                             |                        |                                              |                |
| At 1 January 2008     | 279,970                     | 143,801                | 107,444                                      | 531,215        |
| Additions             | 31,571                      | 48,769                 | 7,419                                        | 87,759         |
| Disposals             | -                           | (67,746)               | -                                            | (67,746)       |
| At 31 December 2008   | <u>311,541</u>              | <u>124,824</u>         | <u>114,863</u>                               | <u>551,228</u> |
| <b>Depreciation</b>   |                             |                        |                                              |                |
| At 1 January 2008     | 210,483                     | 77,835                 | 79,832                                       | 368,150        |
| Charge for the year   | 41,530                      | 22,800                 | 16,080                                       | 80,410         |
| On disposals          | -                           | (60,064)               | -                                            | (60,064)       |
| At 31 December 2008   | <u>252,013</u>              | <u>40,571</u>          | <u>95,912</u>                                | <u>388,496</u> |
| <b>Net book value</b> |                             |                        |                                              |                |
| At 31 December 2008   | <u>59,528</u>               | <u>84,253</u>          | <u>18,951</u>                                | <u>162,732</u> |
| At 31 December 2007   | <u>69,487</u>               | <u>65,966</u>          | <u>27,612</u>                                | <u>163,065</u> |

# CASTLE COMPUTER SERVICES LIMITED

## Notes to the Financial Statements For the year ended 31 December 2008

### 7. Tangible fixed assets (continued)

| Company               | Plant and<br>machinery<br>£ | Motor<br>vehicles<br>£ | Furniture,<br>fittings and<br>equipment<br>£ | Total<br>£     |
|-----------------------|-----------------------------|------------------------|----------------------------------------------|----------------|
| <b>Cost</b>           |                             |                        |                                              |                |
| At 1 January 2008     | 164,834                     | 52,367                 | 60,233                                       | 277,434        |
| Adjustment            | -                           | 38,498                 | -                                            | 38,498         |
| Additions             | 31,571                      | 48,769                 | 7,419                                        | 87,759         |
| Disposals             | -                           | (24,201)               | -                                            | (24,201)       |
| At 31 December 2008   | <u>196,405</u>              | <u>115,433</u>         | <u>67,652</u>                                | <u>379,490</u> |
| <b>Depreciation</b>   |                             |                        |                                              |                |
| At 1 January 2008     | 95,347                      | (13,599)               | 32,621                                       | 114,369        |
| Adjustment            | -                           | 38,498                 | -                                            | 38,498         |
| Charge for the year   | 41,530                      | 22,800                 | 16,080                                       | 80,410         |
| On disposals          | -                           | (16,519)               | -                                            | (16,519)       |
| At 31 December 2008   | <u>136,877</u>              | <u>31,180</u>          | <u>48,701</u>                                | <u>216,758</u> |
| <b>Net book value</b> |                             |                        |                                              |                |
| At 31 December 2008   | <u>59,528</u>               | <u>84,253</u>          | <u>18,951</u>                                | <u>162,732</u> |
| At 31 December 2007   | <u>69,487</u>               | <u>65,966</u>          | <u>27,612</u>                                | <u>163,065</u> |

### 8. Fixed asset investments

| Group                                     | Listed<br>investments<br>£ | Other<br>investments<br>£ | Total<br>£     |
|-------------------------------------------|----------------------------|---------------------------|----------------|
| <b>Cost</b>                               |                            |                           |                |
| At 1 January 2008 and at 31 December 2008 | <u>11,600</u>              | <u>198,181</u>            | <u>209,781</u> |

In the opinion of the directors, the investment property held as other investments is valued at its open market value.

#### 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 2008 was £938 (2007 - £12,938).

# CASTLE COMPUTER SERVICES LIMITED

## Notes to the Financial Statements For the year ended 31 December 2008

### 9. Stocks

|                                     | Company       |               | Group         |               |
|-------------------------------------|---------------|---------------|---------------|---------------|
|                                     | 2008          | 2007          | 2008          | 2007          |
|                                     | £             | £             | £             | £             |
| Finished goods and goods for resale | <u>33,778</u> | <u>29,746</u> | <u>33,778</u> | <u>29,746</u> |

### 10. Debtors

|                                  | Company          |                  | Group            |                  |
|----------------------------------|------------------|------------------|------------------|------------------|
|                                  | 2008             | 2007             | 2008             | 2007             |
|                                  | £                | £                | £                | £                |
| <b>Due within one year</b>       |                  |                  |                  |                  |
| Trade debtors                    | 1,162,760        | 796,756          | 1,162,760        | 796,756          |
| Amounts due from group companies | 198,179          | 198,179          | -                | -                |
| Other debtors                    | 838,824          | 448,553          | 838,824          | 448,553          |
|                                  | <u>2,199,763</u> | <u>1,443,488</u> | <u>2,001,584</u> | <u>1,245,309</u> |

### 11. Creditors: amounts falling due within one year

|                         | Company          |                  | Group            |                  |
|-------------------------|------------------|------------------|------------------|------------------|
|                         | 2008             | 2007             | 2008             | 2007             |
|                         | £                | £                | £                | £                |
| Trade creditors         | 857,144          | 525,498          | 857,144          | 525,498          |
| Tax and social security | 299,516          | 273,836          | 299,516          | 273,836          |
| Other creditors         | 1,747,180        | 1,545,719        | 1,747,180        | 1,545,719        |
|                         | <u>2,903,840</u> | <u>2,345,053</u> | <u>2,903,840</u> | <u>2,345,053</u> |

# CASTLE COMPUTER SERVICES LIMITED

## Notes to the Financial Statements For the year ended 31 December 2008

### 12. Share capital

|                                           | 2008<br>£ | 2007<br>£ |
|-------------------------------------------|-----------|-----------|
| <b>Authorised</b>                         |           |           |
| 100,000 Ordinary shares of £1 each        | 100,000   | 100,000   |
| 55,000 Preference shares of £1 each       | 55,000    | 55,000    |
| 30 A Ordinary shares of £1 each           | 30        | 30        |
|                                           | <hr/>     | <hr/>     |
|                                           | 155,030   | 155,030   |
| <b>Allotted, called up and fully paid</b> |           |           |
| 100,000 Ordinary shares of £1 each        | 100,000   | 100,000   |
| 30 A Ordinary shares of £1 each           | 30        | 30        |
|                                           | <hr/>     | <hr/>     |
|                                           | 100,030   | 100,030   |

On 24 April 2008 3 A Ordinary Shares, with a nominal value of £10 each, were divided into 30 A Ordinary Shares with a nominal value of £1 each.

#### Rights attaching to share capital

##### Ordinary £1 shares

Holders of Ordinary £1 shares are entitled to any profits the company chooses to distribute, pari passu amongst all shareholders, after A Ordinary shareholders have been paid. On winding up the holders are entitled to the balance of assets distributed pari passu. The holders of these shares are entitled to vote at a general meeting of the company.

##### A Ordinary shares

Holders of A Ordinary £1 shares are entitled to any profits the company chooses to distribute, pari passu amongst all shareholders. On winding up the holders are not entitled to any return on assets. The holders of these shares are not entitled to vote at a general meeting of the company.

# CASTLE COMPUTER SERVICES LIMITED

## Notes to the Financial Statements For the year ended 31 December 2008

### 13. Reserves

|                                                | Company<br>£     | Group<br>£       |
|------------------------------------------------|------------------|------------------|
| <b>Share premium account</b>                   |                  |                  |
| At 1 January 2008 and at 31 December 2008      | <u>5,400</u>     | <u>5,400</u>     |
| <b>Profit and loss account</b>                 | £                | £                |
| At 1 January 2008                              | 502,349          | 502,349          |
| Retained Profit after tax for the year         | 320,934          | 320,934          |
| Dividends – A Ordinary shares (2007: £129,660) | <u>(148,243)</u> | <u>(148,243)</u> |
| At 31 December 2008                            | <u>675,040</u>   | <u>675,040</u>   |
| <b>Capital redemption reserve</b>              | £                | £                |
| At 1 January 2008 and at 31 December 2008      | <u>58,015</u>    | <u>58,015</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 after tax was £320,934 (2007: £303,174) from which dividends of £148,243 (2007: £129,660) have been paid.

### 14. Reconciliation of movement in shareholders' funds

| Group                                              | 2008<br>£      | 2007<br>£       |
|----------------------------------------------------|----------------|-----------------|
| (Loss)/profit after tax and dividends for the year | 172,691        | 173,514         |
| Shares redeemed during year                        | <u>-</u>       | <u>(68,750)</u> |
|                                                    | 172,691        | 104,764         |
| Opening shareholders' funds                        | <u>665,794</u> | <u>561,030</u>  |
| Closing shareholders' funds                        | <u>838,485</u> | <u>665,794</u>  |
| Company                                            | 2008<br>£      | 2007<br>£       |
| (Loss)/profit after tax and dividends for the year | 172,691        | 173,514         |
| Shares redeemed during year                        | <u>-</u>       | <u>(68,750)</u> |
|                                                    | 172,691        | 104,764         |
| Opening shareholders' funds                        | <u>665,794</u> | <u>561,030</u>  |
| Closing shareholders' funds                        | <u>838,485</u> | <u>665,794</u>  |

### 15. 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 £60,753 (2007: £52,789).

# CASTLE COMPUTER SERVICES LIMITED

## Notes to the Financial Statements For the year ended 31 December 2008

### 16. Operating Lease Commitments

At 31 December 2008 the group had annual commitments under non-cancellable operating leases as follows:

|                         | Land and buildings |               | Other         |               |
|-------------------------|--------------------|---------------|---------------|---------------|
|                         | 2008               | 2007          | 2008          | 2007          |
|                         | £                  | £             | £             | £             |
| <b>Expiry date:</b>     |                    |               |               |               |
| Within 1 year           | 11,002             | -             | 9,009         | -             |
| Between 2 and 5 years   | -                  | -             | 9,019         | 18,028        |
| After more than 5 years | <u>52,895</u>      | <u>52,895</u> | <u>-</u>      | <u>-</u>      |
|                         | <u>63,897</u>      | <u>52,895</u> | <u>18,028</u> | <u>18,028</u> |

### 17. Controlling Party

The ultimate controlling party is Mr A M Munro.

### 18. Reconciliation of net cash flow to movement in net funds

| Group                      | 2008             | 2007             |
|----------------------------|------------------|------------------|
|                            | £                | £                |
| Change in cash in the year | (28,496)         | 266,433          |
| Net funds brought forward  | 1,362,946        | 1,096,513        |
| Net funds carried forward  | <u>1,334,450</u> | <u>1,362,946</u> |

### 19. Analysis of net funds

| Group | At 1 January<br>2008 | Cashflow        | Other<br>Changes | At 31<br>December<br>2008 |
|-------|----------------------|-----------------|------------------|---------------------------|
|       | £                    | £               | £                | £                         |
| Cash  | <u>1,362,946</u>     | <u>(28,496)</u> | <u>-</u>         | <u>1,334,450</u>          |