

CASTLE COMPUTER SERVICES LIMITED

Registered number: SC080997

Directors' Report and Financial Statements

For the year ended 31 December 2011

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CASTLE COMPUTER SERVICES LIMITED

Company Information

Directors	A M Munro G A Strathie A Quinn P McTaggart G M Thomson
Secretary	P Munro
Company number	SC080997
Registered office	Stewart House Pochard Way Strathclyde Business Park Bellshill ML4 3HB
Auditors	Scott-Moncrieff Chartered Accountants Registered Auditor Exchange Place 3 Semple Street Edinburgh EH3 8BL
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 are pleased to present their report and the Group consolidated financial statements for the year ended 31 December 2011.

Principal activity

The principal activity of the group in the year under review was the supply, implementation and support of Financial and Business Systems together with the provision of IT infrastructure design and support services including Data Hosting and Virtualisation.

Our clients range from small businesses to Corporate and Public Sector organisations. In all cases, Castle's mission is to help our customers serve their customers better using IT.

Review of the business and future developments

Despite a challenging economic climate, the year ended 31 December 2011 produced a healthy financial performance with turnover increasing to £6.3M. This was a result of a very strong emphasis on providing first class customer service to existing and new clients. This emphasis on customer service together with a proven track record in delivering projects on time and to budget and with a measurable return on investment provides Castle with a competitive edge and high customer retention levels.

The net profit for the group after providing for taxation for the year amounted to £246,231. Although profitability was slightly down on last year this reflects continued investment and in particular an acquisition at the end of the year which provides Castle with strong IP and a healthy customer base in an additional vertical market. The acquisition is expected to result in strong increases in turnover and profitability for the Group in future years.

Going forward, Castle remains totally committed to servicing its 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 direct donations to local charities of £175 together with a focus this year on additional participation and support of various charitable events and activities alongside our staff and clients.

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.

CASTLE COMPUTER SERVICES LIMITED
Report of the Directors (continued)

Directors

The directors in office during the year and up to the date of signing these financial statements were as follows:

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

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.

Environmental Policy

Castle makes every effort to protect and improve the environment in all areas of the Company's operations and has achieved environmental management system accreditation to ISO14001, the international standard for environmental management systems.

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial 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 group 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 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 group 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 group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

CASTLE COMPUTER SERVICES LIMITED

Report of the Directors (continued)

Disclosure of information to auditors

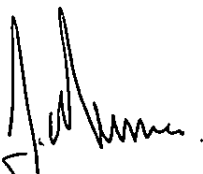
To the knowledge and belief of each of the persons who are directors at the time the report is approved:

- So far as the director is aware, there is no relevant information of which the company's auditor is unaware, and
- He/she has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information, and to establish that the company's auditor is aware of the information.

Auditors

The auditors, Scott-Moncrieff, are deemed to be reappointed under section 485 of the Companies Act 2006.

This report was approved by the board on 20 March 2012 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'A M Munro', with a stylized flourish at the end.

A M Munro
Director

CASTLE COMPUTER SERVICES LIMITED

Independent auditor's report to the members of Castle Computer Services Limited

We have audited the consolidated financial statements of Castle Computer Services Limited for the year ended 31 December 2011 which comprise the Group Profit and Loss account, the Group and Parent Company Balance Sheets, the Group Cash Flow Statement and 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 is made solely to the group's members as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the group'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 group and the group'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 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 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 group's and parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition we read all the financial and non-financial information included in the Directors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications of our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2011 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Emphasis of matter

Without qualifying our opinion, we note that the directors have chosen not to disclose directors' remuneration in these financial statements. This disclosure is a requirement of section 412 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.

CASTLE COMPUTER SERVICES LIMITED

Independent auditor's report to the members of Castle Computer Services Limited (continued)

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit; or



Donald C Forsyth (Senior Statutory Auditor)
for and on behalf of Scott-Moncrieff, Statutory Auditor
Registered Auditor
Chartered Accountants
Exchange Place 3
Seample Street
Edinburgh
EH3 8BL

20 March 2012

CASTLE COMPUTER SERVICES LIMITED

Group Profit and Loss account For the year ended 31 December 2011

	Note	2011 £	2010 £
Turnover		6,298,153	5,859,454
Cost of sales		(2,517,478)	(2,338,700)
Gross profit		<u>3,780,675</u>	<u>3,520,754</u>
Administrative expenses		(3,486,353)	(3,159,612)
Amounts written off investments		-	(11,600)
Operating profit	2	<u>294,322</u>	<u>349,542</u>
Investment income	4	4,043	9,285
Profit on ordinary activities before taxation		<u>298,365</u>	<u>358,827</u>
Tax on profit on ordinary activities	5	(52,134)	(95,678)
Profit on ordinary activities after taxation	13	<u>246,231</u>	<u>263,149</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 parent company has taken advantage of section 480 of the Companies Act 2006 not to publish its own Profit and Loss Account.

The notes on pages 10 to 18 form part of these financial statements.

CASTLE COMPUTER SERVICES LIMITED

Group Balance Sheet As at 31 December 2011

	Note	£	2011	£	£	2010	£
Fixed assets							
Intangible fixed assets	6		460,060			-	
Tangible fixed assets	7		164,719			135,165	
Investments	8		198,181			198,181	
			<u>822,960</u>			<u>333,346</u>	
Current assets							
Stocks	9	29,785			30,687		
Debtors	10	1,700,960			1,373,374		
Cash at bank and in hand		1,492,394			2,010,792		
			<u>3,223,139</u>		<u>3,414,853</u>		
Creditors: amounts falling due within one year	11	(2,990,037)			(2,938,368)		
Net current assets				233,102			476,485
Net assets				<u>1,056,062</u>			<u>809,831</u>
Capital and reserves							
Called up share capital	12		100,034			100,034	
Share premium account	13		16,996			16,996	
Other reserves	13		58,015			58,015	
Profit and loss account	13		881,017			634,786	
Shareholders' funds - all equity	14		<u>1,056,062</u>			<u>809,831</u>	

The financial statements were authorised for issue by the board on 20 March 2012 and signed on its behalf by:

Patrick J. McTaggart

P J McTaggart
Director

G A Strathie

G A Strathie
Director

The notes on pages 10 to 18 form part of these financial statements.

Registered number: SC080997

CASTLE COMPUTER SERVICES LIMITED

Company Balance sheet As at 31 December 2011

	Note	£	2011 £	£	2010 £
Fixed assets					
Tangible fixed assets	7		140,103		135,165
Investments	8		4		3
			<u>140,107</u>		<u>135,168</u>
Current assets					
Stocks	9	29,785		30,687	
Debtors	10	2,194,555		1,571,552	
Cash at bank and in hand		1,492,394		2,010,792	
		<u>3,716,734</u>		<u>3,613,031</u>	
Creditors: amounts falling due within one year	11	(2,800,779)		(2,938,368)	
Net current assets			<u>915,955</u>		<u>674,663</u>
Net assets			<u>1,056,062</u>		<u>809,831</u>
Capital and reserves					
Called up share capital	12		100,034		100,034
Share premium account	13		16,996		16,996
Other reserves	13		58,015		58,015
Profit and loss account	13		881,017		634,786
Shareholders' funds - all equity	14		<u>1,056,062</u>		<u>809,831</u>

The financial statements were authorised for issue by the board on 20 March 2012 and signed on its behalf by:

Patrick J. McTaggart

P J McTaggart
Director

G A Strathie

G A Strathie
Director

The notes on pages 10 to 18 form part of these financial statements.

Registered number: SC080997

CASTLE COMPUTER SERVICES LIMITED

**Group Cash Flow statement
For the year ended 31 December 2011**

	Note	2011		2010	
		£	£	£	£
Reconciliation of operating profit to net cash flow					
Operating profit			294,322		349,542
Depreciation and Amortisation			76,160		72,180
Gain on disposal of fixed assets			(3,329)		(1,886)
Diminution in investment			-		11,600
Decrease/(increase) in stocks			902		(2,176)
(Increase)/decrease in debtors			(327,586)		102,670
Increase in creditors			78,188		300,182
Operating cash flow			<u>118,657</u>		<u>832,112</u>
Cash flow statement					
Operating cash flow			118,657		832,112
Returns on investments and servicing of finance					
Interest received		<u>4,043</u>		<u>9,285</u>	
			4,043		9,285
Taxation					
Corporation tax paid			(78,652)		(147,108)
Capital expenditure and financial investment					
Payments to acquire fixed assets		(573,355)		(87,080)	
Receipts from sale of fixed assets		<u>10,909</u>		<u>1,886</u>	
Net cash flow from capital expenditure and financial investment			(562,456)		(85,194)
Equity dividends paid			-		(338,328)
Net cash flow for the year	18		<u><u>(518,398)</u></u>		<u><u>270,767</u></u>

The notes on pages 10 to 18 form part of these financial statements.

CASTLE COMPUTER SERVICES LIMITED

Notes to the Financial Statements For the year ended 31 December 2011

1. Accounting policies

Going concern

The directors are of the opinion that the group can continue to meet its obligations as they fall due for the foreseeable future. As a consequence the directors have prepared the financial statements on the going concern basis.

Basis of accounting

The financial statements are prepared under the historical cost basis of accounting and have been prepared in accordance with UK GAAP and the Companies Act 2006.

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 408 of the Companies Act 2006.

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
Furniture, fittings and equipment	-	20% straight line

Intangible assets

Goodwill representing the excess of the purchase price over the fair value of the net assets of any businesses acquired is capitalised in the Balance Sheet. No amortisation is charged on the goodwill recognised in the financial statements in the current year as the effect on the carrying value is deemed to be immaterial.

Intellectual software property is recognised on the basis of the cost at initial recognition. Amortisation is then charged on a systematic basis. No amortisation is charged in the current year as the effect on the carrying value is deemed to be immaterial.

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.

CASTLE COMPUTER SERVICES LIMITED

Notes to the Financial Statements For the year ended 31 December 2011

Accounting policies (continued)

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

Deferred tax is recognised in respect of the tax effect of all timing differences that have originated but not reversed at the balance sheet date.

A deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on a non-discounted basis, at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Government grants

Government grants in respect of revenue expenditure are recognised when the relevant expenditure is incurred. When income is received, this is credited against the relevant cost in the profit and loss account.

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 SSAP 19. This treatment is contrary to the requirements of the Companies Act 2006 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	
	2011	2010
	£	£
Depreciation of tangible fixed assets	76,160	72,180
Gain on disposal of fixed assets	(3,329)	(1,886)
Auditors' remuneration	10,600	11,000
Other fees paid to auditors'	1,905	-
Pension costs	97,488	89,404

CASTLE COMPUTER SERVICES LIMITED

Notes to the Financial Statements For the year ended 31 December 2011

3. Staff Costs and Numbers

	Group and company 2011 £	Group and company 2010 £
Staff costs were as follows:		
Wages and salaries	2,237,567	2,171,992
Social security costs	259,468	228,220
Pension costs	97,488	89,404
	<u>2,594,523</u>	<u>2,489,616</u>

The average monthly number of employees within the group and company was 65 (2010: 63).

	2011 No.	2010 No.
The staff of the group and company worked in the following activities:		
- Distribution	54	52
- Administration	11	11
	<u>65</u>	<u>63</u>

4. Investment income and interest receivable

	Group and company 2011 £	Group and company 2010 £
Bank interest	<u>4,043</u>	<u>9,285</u>

CASTLE COMPUTER SERVICES LIMITED

Notes to the Financial Statements For the year ended 31 December 2011

5. Tax on profit on ordinary activities

	2011 £	2010 £
UK corporation tax – current year	58,435	92,227
UK corporation tax – adjustments in respect of prior years	(6,301)	2,680
	<u>52,134</u>	<u>95,678</u>

Factors affecting tax charge for the year

Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20.25% (2010: 28%)

	60,409	100,472
Effects of:		
Expenses not deductible for tax purposes	6,456	20,365
Marginal relief	-	(19,894)
Capital allowances in excess of depreciation	(8,987)	(8,109)
Other short term timing differences	557	(1,350)
Adjustments in respect of prior years	-	743
	<u>58,435</u>	<u>92,227</u>

There were no factors that may affect future tax charges.

6. Intangible fixed assets

Group	Goodwill £	Software Intellectual Property £	Total £
Cost			
At 1 January 2011	54,448	-	54,448
Additions	260,060	200,000	460,060
	<u>314,508</u>	<u>200,000</u>	<u>514,508</u>
At 31 December 2011			
Amortisation			
At 1 January 2011	54,448	-	54,448
Charge for the year	-	-	-
	<u>54,448</u>	<u>-</u>	<u>54,448</u>
At 31 December 2011			
Net book value			
At 31 December 2011	<u>260,060</u>	<u>200,000</u>	<u>460,060</u>
At 31 December 2010	-	-	-

CASTLE COMPUTER SERVICES LIMITED

Notes to the Financial Statements For the year ended 31 December 2011

7. Tangible fixed assets

Group	Plant and machinery £	Motor vehicles £	Furniture, fittings and equipment £	Total £
Cost				
At 1 January 2011	365,346	154,502	125,476	645,324
Additions	94,790	-	18,505	113,295
Disposals	-	(54,542)	-	(54,542)
At 31 December 2011	<u>460,136</u>	<u>99,960</u>	<u>143,981</u>	<u>704,077</u>
Depreciation				
At 1 January 2011	316,197	79,642	114,320	510,159
Charge for the year	34,757	34,991	6,412	76,160
On disposals	-	(46,961)	-	(46,961)
At 31 December 2011	<u>350,954</u>	<u>67,672</u>	<u>120,732</u>	<u>539,358</u>
Net book value				
At 31 December 2011	<u>109,182</u>	<u>32,288</u>	<u>23,249</u>	<u>164,719</u>
At 31 December 2010	<u>49,149</u>	<u>74,860</u>	<u>11,156</u>	<u>135,165</u>

Company	Plant and machinery £	Motor vehicles £	Furniture, fittings and equipment £	Total £
Cost				
At 1 January 2011	250,210	145,111	78,265	473,586
Additions	70,174	-	18,505	88,679
Disposals	-	(54,542)	-	(54,542)
At 31 December 2010	<u>320,384</u>	<u>90,569</u>	<u>96,770</u>	<u>507,723</u>
Depreciation				
At 1 January 2011	201,061	70,251	67,109	338,421
Charge for the year	34,757	34,991	6,412	76,160
On disposals	-	(46,961)	-	(46,961)
At 31 December 2010	<u>235,818</u>	<u>58,281</u>	<u>73,521</u>	<u>367,620</u>
Net book value				
At 31 December 2011	<u>84,566</u>	<u>32,288</u>	<u>23,249</u>	<u>140,103</u>
At 31 December 2010	<u>49,149</u>	<u>74,860</u>	<u>11,156</u>	<u>135,165</u>

CASTLE COMPUTER SERVICES LIMITED

Notes to the Financial Statements For the year ended 31 December 2011

8. Fixed asset investments

Group

The group investment relates to an investment property. In the year the directors have applied professional judgement and have determined that the open market value of the property at the Balance Sheet date is not materially different to the cost of the property of £198,181. The directors have therefore deemed that no adjustment to the carrying value is required.

Company

	Listed Investments £	Total £
Cost		
At 1 January 2011 and at 31 December 2011	11,600	11,600
Provisions for diminution		
At 1 January 2011 and at 31 December 2011	11,600	11,600
Net book value		
At 31 December 2010 and 31 December 2011	-	-

The company holds investments as follows:

- £2 in Castle Computer Services (Edinburgh) Limited, a dormant company with a year end of 31 December 2011.
- £1 in Castle Computer Services (Glasgow) Limited, a dormant company with a year end of 30 November 2011.
- £1 in Castle Computer Services (Dynamics) Limited, a company with a year end of 30 September 2012. This investment was acquired on 1 December 2011 at par.

All of these investments represent 100% of the issued Share Capital of the respective companies.

These investments result in total investments at cost at the year end of £4 (2010: £3).

9. Stocks

	Company		Group	
	2011 £	2010 £	2011 £	2010 £
Finished goods and goods for resale	29,785	30,687	29,785	30,687

CASTLE COMPUTER SERVICES LIMITED

Notes to the Financial Statements For the year ended 31 December 2011

10. Debtors

	Company		Group	
	2011 £	2010 £	2011 £	2010 £
Due within one year				
Trade debtors	888,430	710,124	888,430	710,124
Amounts due from group companies	546,929	198,179	-	-
Other debtors	759,196	663,249	812,530	663,250
	<u>2,194,555</u>	<u>1,571,552</u>	<u>1,700,960</u>	<u>1,373,374</u>

11. Creditors: amounts falling due within one year

	Company		Group	
	2011 £	2010 £	2011 £	2010 £
Trade creditors	634,064	688,093	634,064	688,093
Tax and social security	279,412	272,051	279,412	272,051
Other creditors	1,887,303	1,978,224	2,076,561	1,978,224
	<u>2,800,779</u>	<u>2,938,368</u>	<u>2,990,037</u>	<u>2,938,368</u>

12. Share capital

	2011 £	2010 £
Allotted, called up and fully paid		
100,000 Ordinary shares of £1 each	100,000	100,000
30 A Ordinary shares of £1 each	30	30
4 B Ordinary shares of £1 each	4	4
	<u>100,034</u>	<u>100,034</u>

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 such shareholders, but only after a distribution has been made to A Ordinary Shares. 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.

B Ordinary shares

Holders of B Ordinary £1 shares are entitled to any profits the company chooses to distribute to that class of shares, but only after a distribution has been made to A Ordinary Shares. 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 2011

13. Reserves

	Company £	Group £
Share premium account		
At 1 January 2011 and 31 December 2011	16,996	16,996
Capital redemption reserve	£	£
At 1 January 2011 and at 31 December 2011	58,015	58,015
Profit and loss account	£	£
At 1 January 2011	634,786	634,786
Profit after tax for the year	246,231	218,794
At 31 December 2011	881,017	853,580

In accordance with section 480 of the Companies Act 2006, the Company has not presented its own profit and loss account. The Company's profit for the financial year after tax was £218,794 (2010: £263,149). No Dividends (2010: £338,328) have been paid in the year.

14. Reconciliation of movement in shareholders' funds

Group and company	2011 £	2010 £
Profit after tax and dividends for the year	246,231	(75,179)
Opening shareholders' funds	809,831	885,010
Closing shareholders' funds	1,056,062	809,831

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 £97,488 (2010: £89,404).

16. Operating lease commitments

At 31 December 2011 the group had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2011 £	2010 £	2011 £	2010 £
Expiry date:				
Within 1 year	13,815	15,732	-	-
Between 2 and 5 years	52,895	52,895	46,184	51,233
	66,710	68,627	46,184	51,233

CASTLE COMPUTER SERVICES LIMITED

Notes to the Financial Statements For the year ended 31 December 2011

17. Controlling party

The ultimate controlling party is Mr A M Munro.

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

Group	2011 £	2010 £
Change in cash in the year	(518,398)	270,767
Net funds brought forward	2,010,792	1,740,025
Net funds carried forward	<u>1,492,394</u>	<u>2,010,792</u>

19. Analysis of net funds

Group

	At 1 January 2011 £	Cash flow £	Other Changes £	At 31 December 2011 £
Cash	<u>2,010,792</u>	<u>(518,398)</u>	<u>-</u>	<u>1,492,394</u>

20. Related party transactions

The company has taken advantage of the exemption available under paragraph 3(a) of Financial Reporting Standard 8 "Related Party Disclosures" not to disclose transactions with other group companies.