

CASTLE COMPUTER SERVICES LIMITED

Registered number: SC080997

Directors' Report and Financial Statements

For the year ended 31 December 2012

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CASTLE COMPUTER SERVICES LIMITED
Company Information

Directors	A M Munro G A Strathie P McTaggart
Secretary	P Munro
Company number	SC080997
Registered office	Stewart House Pochard Way Strathclyde Business Park Bellshill ML4 3HB
Auditor	Scott-Moncrieff Chartered Accountants Statutory 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 2012.

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

Group Performance in 2012 was impacted by two exceptional matters.

At the end of 2011 a loss making Reseller was acquired by the Group. The Reseller had good IP and a strong vertical market which complemented the existing business of the Castle group. This was a strategic acquisition which the Directors expected to negatively impact the financial performance of the Group in 2012 but which is expected to provide a significant boost to revenues and profitability of the Group going forward. The Directors of the Castle Group take a long term view of the business and the focus is on building a long term sustainable business for clients and employees. Significant investment was undertaken during the year in key strategic areas including Cloud Services. During 2012 Castle was delighted to celebrate 30 years of trading. Despite an overall net loss after tax of £176,990, all areas of the business actually traded profitably with the exception of the business acquired. Half Year Results in 2013 show the Group as a whole was again trading profitably and ahead of budget.

During 2012 a shareholding Director resigned to pursue non-competitive opportunities elsewhere which resulted in the Company purchasing the shares of the exiting Director.

Despite the above, and a challenging economic climate, the year ended 31 December 2012 produced a healthy increase in turnover to over £7M for the Group. Half Year Results for 2013 show both Turnover and Profitability improved further compared to 2012 and the Directors have confidence in the business going forward.

There continues to be 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 while providing clients with a measurable return on investment provides Castle with a competitive edge and high customer retention levels.

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 direct donations to local charities of £800 (2011: £175) together with a focus this year of 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.

CASTLE COMPUTER SERVICES LIMITED
Report of the Directors (continued)

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

A M Munro
G A Strathie
A Quinn (resigned 31 March 2012)
P J McTaggart
G M Thomson (died 23 August 2013)

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 group 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 group will continue in business.

The directors are responsible for maintaining adequate accounting records that are sufficient to show and explain the group'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.

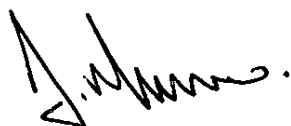
CASTLE COMPUTER SERVICES LIMITED
Report of the Directors (continued)

Disclosure of information to auditor

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.

This report was approved by the board on 26 September 2013 and signed on its behalf by:



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 2012 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 2012 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.

Donald C Forsyth

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

26 / 9 / 2013

CASTLE COMPUTER SERVICES LIMITED
Group Profit and Loss Account
For the year ended 31 December 2012

	Note	2012 £	2011 £
Turnover		7,049,709	6,298,153
Cost of sales		(2,983,404)	(2,517,478)
Gross profit		<u>4,066,305</u>	<u>3,780,675</u>
Administrative expenses		(4,245,554)	(3,486,353)
Operating (loss)/profit	2	(179,249)	294,322
Investment income	4	3,404	4,043
(Loss)/profit on ordinary activities before taxation		<u>(175,845)</u>	<u>298,365</u>
Tax on (loss)/profit on ordinary activities	5	(1,145)	(52,134)
		<u>(176,990)</u>	<u>246,231</u>

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 notes on pages 10 to 22 form part of these financial statements.

CASTLE COMPUTER SERVICES LIMITED
Group Balance Sheet
As at 31 December 2012

	Note	£	2012 £	£	2011 £
Fixed assets					
Intangible fixed assets	6		435,971		460,060
Tangible fixed assets	7		170,631		164,719
Investments	8		198,181		198,181
			<u>804,783</u>		<u>822,960</u>
Current assets					
Stocks	9	25,163		29,785	
Debtors	10	1,748,872		1,700,960	
Cash at bank and in hand		1,464,169		1,492,394	
			<u>3,238,204</u>	<u>3,223,139</u>	
Creditors: amounts falling due within one year	11	<u>(3,468,813)</u>		<u>(2,990,037)</u>	
Net current (liabilities)/assets			<u>(230,609)</u>		<u>233,102</u>
Net assets			<u>574,174</u>		<u>1,056,062</u>
Capital and reserves					
Called up share capital	13		100,024		100,024
Share premium account	14		26,996		26,996
Other reserves	14		78,025		78,025
Profit and loss account	14		369,129		369,129
			<u>574,174</u>		<u>1,056,062</u>

The financial statements were authorised for issue by the board on 26/9 2013 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 22 form part of these financial statements.

Registered number: SC080997

CASTLE COMPUTER SERVICES LIMITED
Company Balance Sheet
As at 31 December 2012

	Note	2012 £	2011 £
Fixed assets			
Tangible fixed assets	7	154,229	140,103
Investments	8	4	4
		<u>154,233</u>	<u>140,107</u>
Current assets			
Stocks	9	25,163	29,785
Debtors	10	2,661,347	2,194,555
Cash at bank and in hand		1,464,168	1,492,394
		<u>4,150,678</u>	<u>3,716,734</u>
Creditors: amounts falling due within one year	11	<u>(3,421,420)</u>	<u>(2,800,779)</u>
Net current assets		<u>729,258</u>	<u>915,955</u>
Net assets		<u>883,491</u>	<u>1,056,062</u>
Capital and reserves			
Called up share capital	13	100,024	100,034
Share premium account	14	26,996	16,996
Other reserves	14	78,025	58,015
Profit and loss account	14	678,446	881,017
		<u>883,491</u>	<u>1,056,062</u>

The financial statements were authorised for issue by the board on 26/9/ 2013 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 22 form part of these financial statements.

Registered number: SC080997

CASTLE COMPUTER SERVICES LIMITED
Group Cash Flow Statement
For the year ended 31 December 2012

	Note	£	2012	£	£	2011	£
Reconciliation of operating (loss)/profit to net cash flow							
Operating (loss)/profit			(179,249)			294,322	
Depreciation and amortisation			138,634			76,160	
Gain on disposal of fixed assets			(4,038)			(3,329)	
Decrease in stocks			4,622			902	
Increase in debtors			(46,322)			(327,586)	
Increase in creditors			539,595			78,188	
Operating cash flow			<u>453,242</u>			<u>118,657</u>	
Cash flow statement							
Operating cash flow				453,242			118,657
Returns on investments and servicing of finance							
Interest received				3,404			4,043
Taxation							
Corporation tax paid				(63,554)			(78,652)
Capital expenditure and financial investment							
Payments to acquire fixed assets		(57,218)			(573,355)		
Receipts from sale of fixed assets		4,338			10,909		
Net cash flow from capital expenditure and financial investment				(52,880)			(562,456)
Equity dividends paid				(106,819)			-
Financing							
Repurchase of own shares		(228,079)			-		
Proceeds from issue of ordinary shares		30,000			-		
Increase in hire purchase financing		(63,539)			-		
Net cash flow from financing				(261,618)			-
Net cash flow for the year	20			<u>(28,225)</u>			<u>(518,398)</u>

The notes on pages 10 to 22 form part of these financial statements.

CASTLE COMPUTER SERVICES LIMITED
Notes to the Financial Statements
For the year ended 31 December 2012

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. Amortisation is charged at a rate calculated to write goodwill off over a period of 10 years, in line with FRS 10.

Intellectual software property is recognised on the basis of the cost at initial recognition. Amortisation is then charged on a systematic basis. Amortisation is charged at a rate calculated to write it off over a period of 10 years, in line with FRS 10.

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.

Finance leases and hire purchase contracts

Assets obtained under hire purchase contracts are capitalised as tangible fixed assets and are depreciated over their useful lives. 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.

CASTLE COMPUTER SERVICES LIMITED
Notes to the Financial Statements
For the year ended 31 December 2012

1. Accounting policies (continued)

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.

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. Listed investments are stated at current market 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.

CASTLE COMPUTER SERVICES LIMITED
Notes to the Financial Statements
For the year ended 31 December 2012

2. Operating (loss)/profit

The operating (loss)/profit is stated after charging:

	2012	Group 2011
	£	£
Depreciation of tangible fixed assets	90,536	76,180
Gain on disposal of fixed assets	(4,038)	(3,329)
Auditor's remuneration	10,900	10,600
Other fees paid to auditor	-	1,905
Pension costs	88,665	97,488
	<u>88,665</u>	<u>97,488</u>

3. Staff costs and numbers

	Group and company 2012	Group and company 2011
	£	£
Staff costs were as follows:		
Wages and salaries	2,811,380	2,237,567
Social security costs	332,434	259,468
Pension costs	88,665	97,488
	<u>3,232,479</u>	<u>2,594,523</u>

The average monthly number of employees within the group was 74 (2011: 65) and within the company was 64 (2011: 65).

	2012 No.	2011 No.
The staff of the group worked in the following activities:		
- Distribution	63	54
- Administration	11	11
	<u>74</u>	<u>65</u>

	2012 No.	2011 No.
The staff of the company worked in the following activities:		
- Distribution	53	54
- Administration	11	11
	<u>64</u>	<u>65</u>

CASTLE COMPUTER SERVICES LIMITED
Notes to the Financial Statements
For the year ended 31 December 2012

4. Investment income and interest receivable

	Group and company 2012 £	Group and company 2011 £
Bank interest	<u>3,404</u>	<u>4,043</u>

5. Tax on (loss)/profit on ordinary activities

	2012 £	2011 £
UK corporation tax – current year	-	58,435
UK corporation tax – adjustments in respect of prior years	<u>1,145</u>	<u>(6,301)</u>
	<u>1,145</u>	<u>52,134</u>

Factors affecting tax charge for the year

(Loss)/profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20.25% (2011: 20.25%)

(35,609) 60,409

Effects of:

Expenses not deductible for tax purposes	436	6,456
Capital allowances in excess of depreciation	2,360	(8,987)
Other short term timing differences	-	557
Losses carried forward	32,813	557
Adjustments in respect of prior years	<u>1,145</u>	<u>-</u>

Current tax charge for the year

1,145 58,435

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 2012

6. Intangible fixed assets

Group	Goodwill £	Software Intellectual Property £	Total £
Cost			
At 1 January 2012	314,508	200,000	514,508
Additions	20,918	3,091	24,009
At 31 December 2012	<u>335,426</u>	<u>203,091</u>	<u>538,517</u>
Amortisation			
At 1 January 2012	54,448	-	54,448
Charge for the year	28,098	20,000	48,098
At 31 December 2012	<u>82,546</u>	<u>20,000</u>	<u>102,546</u>
Net book value			
At 31 December 2012	<u>252,880</u>	<u>183,091</u>	<u>435,971</u>
At 31 December 2011	<u>260,060</u>	<u>200,000</u>	<u>460,060</u>

7. Tangible fixed assets

Group	Plant and machinery £	Motor vehicles £	Furniture, fittings and equipment £	Total £
Cost				
At 1 January 2012	460,136	99,960	143,981	704,077
Additions	94,249	-	2,499	96,748
Disposals	-	(14,399)	-	(14,399)
At 31 December 2012	<u>554,385</u>	<u>85,561</u>	<u>146,480</u>	<u>786,426</u>
Depreciation				
At 1 January 2012	350,954	67,672	120,732	539,358
Charge for the year	62,754	21,100	6,682	90,536
On disposals	-	(14,099)	-	(14,099)
At 31 December 2012	<u>413,708</u>	<u>74,673</u>	<u>127,414</u>	<u>615,795</u>
Net book value				
At 31 December 2012	<u>140,677</u>	<u>10,888</u>	<u>19,066</u>	<u>170,631</u>
At 31 December 2011	<u>109,182</u>	<u>32,288</u>	<u>23,249</u>	<u>164,719</u>

CASTLE COMPUTER SERVICES LIMITED
Notes to the Financial Statements
For the year ended 31 December 2012

7. Tangible fixed assets (continued)

Company	Plant and machinery £	Motor vehicles £	Furniture, fittings and equipment £	Total £
Cost				
At 1 January 2012	320,384	90,569	96,770	507,723
Additions	94,249	-	2,499	96,748
Disposals	-	(14,399)	-	(14,399)
At 31 December 2012	<u>414,633</u>	<u>76,170</u>	<u>99,269</u>	<u>590,072</u>
Depreciation				
At 1 January 2012	235,818	58,281	73,521	367,620
Charge for the year	54,540	21,100	6,682	82,322
On disposals	-	(14,099)	-	(14,099)
At 31 December 2012	<u>290,358</u>	<u>65,282</u>	<u>80,203</u>	<u>435,843</u>
Net book value				
At 31 December 2012	<u>124,275</u>	<u>10,888</u>	<u>19,066</u>	<u>154,229</u>
At 31 December 2011	<u>84,566</u>	<u>32,288</u>	<u>23,249</u>	<u>140,103</u>

Included within fixed assets (company and group) are plant and machinery assets held under hire purchase contracts with a net book value of £67,734 (2011: £19,912). Depreciation charged on these assets during the year was £16,285 (2011: £569)

CASTLE COMPUTER SERVICES LIMITED
Notes to the Financial Statements
For the year ended 31 December 2012

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 under SSAP19.

Company

	Listed Investments £	Total £
Cost		
At 1 January 2012 and at 31 December 2012	11,600	11,600
Provisions for diminution		
At 1 January 2012 and at 31 December 2012	11,600	11,600
Net book value		
At 31 December 2011 and 31 December 2012	-	-

The company holds investments as follows:

- £2 in Castle Computer Services (Edinburgh) Limited, a dormant company with a year end of 31 December.
- £1 in Castle Computer Services (Glasgow) Limited, a dormant company with a year end of 30 November.
- £1 in Castle Computer Services (Dynamics) Limited, a company with a year end of 30 April. 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 (2011: £4).

9. Stocks

	Company		Group	
	2012 £	2011 £	2012 £	2011 £
Finished goods and goods for resale	25,163	29,785	25,163	29,785

CASTLE COMPUTER SERVICES LIMITED
Notes to the Financial Statements
For the year ended 31 December 2012

10. Debtors

	Company		Group	
	2012	2011	2012	2011
	£	£	£	£
Due within one year				
Trade debtors	975,379	888,430	986,090	888,430
Amounts due from group companies	975,728	546,929	-	-
Other debtors	710,240	759,196	762,782	812,530
	<u>2,661,347</u>	<u>2,194,555</u>	<u>1,748,872</u>	<u>1,700,960</u>

11. Creditors: amounts falling due within one year

	Company		Group	
	2012	2011	2012	2011
	£	£	£	£
Trade creditors	741,799	634,064	773,070	634,064
Tax and social security	301,668	279,412	301,668	279,412
Other creditors	169,358	167,827	169,562	222,739
Hire purchase agreements	59,700	-	59,700	-
Accruals and deferred income	2,148,715	1,719,476	2,164,812	1,853,822
	<u>3,421,420</u>	<u>2,800,779</u>	<u>3,468,813</u>	<u>2,990,037</u>

12. Obligations under hire purchase agreements

Future obligations under hire purchase agreements are as follows:

	Company		Group	
	2012	2011	2012	2011
	£	£	£	£
Amounts payable within 1 year	<u>59,700</u>	<u>-</u>	<u>59,700</u>	<u>-</u>

CASTLE COMPUTER SERVICES LIMITED
Notes to the Financial Statements
For the year ended 31 December 2012

13. Share capital

	2012	2011
	£	£
Allotted, called up and fully paid		
100,000 Ordinary shares of £1 each	100,000	100,000
30 A Ordinary shares of £1 each	20	30
4 B Ordinary shares of £1 each	4	4
	100,024	100,034

On 27 April 2012, 20,000 Ordinary shares of £1 each and 10 A Ordinary shares were re-purchased by the parent company for £228,079 as part of an agreement following the resignation of a director.

On 27 November 2012, the parent company issued 20,000 Ordinary shares of £1 each for a total consideration of £30,000.

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
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14. Reserves

	Company	Group
	£	£
Share premium account		
At 1 January 2012	16,996	16,996
Premium on shares issued during the year	10,000	10,000
At 31 December 2012	<u>26,996</u>	<u>26,996</u>
Capital redemption reserve	£	£
At 1 January 2012	58,015	58,015
On buy back of shares	20,010	20,010
At December 2012	<u>78,025</u>	<u>78,025</u>
Profit and loss account	£	£
At 1 January 2012	881,017	881,017
Profit/(loss) after tax for the year	132,327	(176,990)
Dividends paid	(106,819)	(106,819)
Purchase of own share capital	(228,079)	(228,079)
At 31 December 2012	<u>678,446</u>	<u>369,129</u>

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 £132,327 (2011: £218,794). Dividends of £106,819 (2011: £nil) have been paid in the year.

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Notes to the Financial Statements
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15. Reconciliation of movement in shareholders' funds

Group	2012 £	2011 £
(Loss)/profit after tax for the year	(176,990)	246,231
Dividends paid	(106,819)	-
Opening shareholders' funds	1,056,062	809,831
Purchase of own share capital	(228,079)	-
Proceeds of shares issued	30,000	-
Closing shareholders' funds	<u>574,174</u>	<u>1,056,062</u>

Company	2012 £	2011 £
Profit for the year after tax	132,327	246,231
Dividends paid	(106,819)	-
Opening shareholders' funds	1,056,062	809,831
Shares re-purchased during the year	(228,079)	-
Shares issued during the year	30,000	-
Closing shareholders' funds	<u>883,491</u>	<u>1,056,062</u>

16. 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 £88,665 (2011: £97,488).

17. Operating lease commitments

At 31 December 2012 the group had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2012 £	2011 £	2012 £	2011 £
Expiry date:				
Within 1 year	6,772	13,815	-	-
Between 2 and 5 years	52,895	52,895	46,184	46,184
	<u>59,667</u>	<u>66,710</u>	<u>46,184</u>	<u>46,184</u>

18. Controlling party

The ultimate controlling party is Mr A M Munro.

CASTLE COMPUTER SERVICES LIMITED
Notes to the Financial Statements
For the year ended 31 December 2012

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

Group	2012 £	2011 £
Change in cash in the year	(28,225)	(518,398)
Net funds brought forward	1,492,394	2,010,792
Net funds carried forward	<u>1,464,169</u>	<u>1,492,394</u>

20. Analysis of net funds

Group	At 1 January 2012 £	Cash flow £	Other Changes £	At 31 December 2012 £
Cash at bank and in hand	<u>1,492,394</u>	<u>(28,225)</u>	<u>-</u>	<u>1,464,169</u>

21. Trading activities of the subsidiary

On 1 December 2011, Castle Computer Services Limited acquired Castle Computer Services (Dynamics) Limited. The subsidiary's results for its first year of trading, between 1 January 2012 and 31 December 2012, are incorporated into the group accounts using the acquisition method of accounting.

The net liabilities of Castle Computer Services (Dynamics) Limited at 31 December 2012 totalled £309,316 which comprised fixed assets of £452,373, current assets of £63,253 and current liabilities of £824,942.

Relevant financial information regarding Castle Computer Services (Dynamics) Limited for the year ended 31 December 2012 is as follows:

	2012 £
Turnover	545,176
Cost of sales	<u>(177,854)</u>
Gross profit	367,322
Administration expenses	<u>(676,639)</u>
Loss on ordinary activities before taxation	(309,317)
Taxation on loss on ordinary activities	<u>-</u>
Loss for the period	<u><u>(309,317)</u></u>

CASTLE COMPUTER SERVICES LIMITED
Notes to the Financial Statements
For the year ended 31 December 2012

22. 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.

CASTLE COMPUTER SERVICES LIMITED
Notes to the Financial Statements
For the year ended 31 December 2012

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CASTLE COMPUTER SERVICES LIMITED
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For the year ended 31 December 2012

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