



Scott-Moncrieff
business advisers and accountants

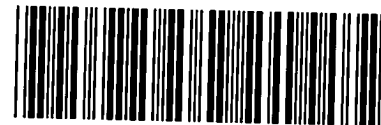
CASTLE COMPUTER SERVICES LIMITED

Company registration number SC080997

**DIRECTORS' REPORT AND CONSOLIDATED
FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 DECEMBER 2017

FRIDAY



SCT *S7FFZTWR*
28/09/2018 #102
COMPANIES HOUSE

**COMPANIES HOUSE
EDINBURGH**

28 SEP 2018

FRONT DESK

CASTLE COMPUTER SERVICES LIMITED

COMPANY INFORMATION

Directors	A M Munro (resigned 13 April 2018) G A Strathie (resigned 13 April 2018) P McTaggart (resigned 13 April 2018) T O'Hara (appointed 13 April 2018) A L Turnbull (appointed 13 April 2018) D M Chazan (appointed 13 April 2018)
Secretary	P Munro (resigned 13 April 2018)
Company number	SC080997
Registered office	Stewart House, Pochard Way Strathclyde Business Park Bellshill ML4 3HB
Auditor	Scott-Moncrieff Statutory Auditor & Chartered Accountants Exchange Place 3 Sempie Street Edinburgh EH3 8BL

CASTLE COMPUTER SERVICES LIMITED

CONTENTS

	Page
Group Strategic Report	1
Directors' Report	2 - 3
Independent Auditor's Report	4 - 6
Consolidated Statement of Income and Retained Earnings	7
Group Balance Sheet	8
Company Balance Sheet	9
Consolidated Statement of Cash Flows	10 - 11
Notes to the Financial Statements	12 - 26

CASTLE COMPUTER SERVICES LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

The directors present their strategic report and the financial statements of the Group for the year ended 31 December 2017.

Principal activities and review of the business

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.

A strong 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. A wide portfolio of products and solutions together with a very strong vertical market focus has positioned Castle well going forward.

The year ended 31 December 2017 produced a healthy financial performance with turnover increasing to 8.9m and good profitability being generated. Strong levels of business and profitability have continued into 2018.

Principal 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.

Financial key performance indicators

Given the bespoke nature of the business, the directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

This report was approved by the board on 28/9/18 and signed on its behalf by:



CASTLE COMPUTER SERVICES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

The directors present their report and the financial statements for the year ended 31 December 2017.

Statement of directors' responsibilities

The directors are responsible for preparing the Group Strategic Report, the Directors' Report and the consolidated 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Group's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 keeping 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 Company and the Group and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Results and dividend

The results for the year are shown on the Statement of Income and Retained Earnings account on page 8. The group's profit for the year after taxation was £177,950 (2016: £218,664). Shareholders' funds totalled £898,671 at 31 December 2017 (2016: £832,489).

Dividends totalling £111,768 (2016: £131,199) were paid in respect of the year ended 31 December 2017.

Directors

The directors who served during the year were:

A M Munro (resigned 13 April 2018)
G A Strathie (resigned 13 April 2018)
P McTaggart (resigned 13 April 2018)

Matters covered in the strategic report

The information regarding the principal activities, business review, principal risks and uncertainties and financial key performance indicators is shown in the strategic report and not in the directors' report.

CASTLE COMPUTER SERVICES LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017**

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as each director is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware, and
- each director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditor is aware of that information.

Future developments

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.

Post balance sheet events

Since the year end the company has been sold and Kick ICT Group Limited is now the controlling party.

This report was approved by the board on 28/9/18 and signed on its behalf by:



T O'Hara
Director

CASTLE COMPUTER SERVICES LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF CASTLE COMPUTER SERVICES LIMITED

Opinion

We have audited the financial statements of Castle Computer Services Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2017, which comprise the Group Statement of Income and Retained Earnings, the Group and Company Balance Sheets, the Group Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

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 2017 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the parent Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

CASTLE COMPUTER SERVICES LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF CASTLE COMPUTER SERVICES LIMITED (CONTINUED)

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Group Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement 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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

CASTLE COMPUTER SERVICES LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
CASTLE COMPUTER SERVICES LIMITED (CONTINUED)**

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. The description forms part of our auditor's report.

Use of our report

This report is made solely to the Company'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 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.

Michael Harkness

Michael Harkness (Senior Statutory Auditor)

for and on behalf of

Scott-Moncrieff, Statutory Auditor

Statutory Auditor

Chartered Accountants

Exchange Place 3

Seample Street

Edinburgh

EH3 8BL

Date: *28 September 2018*

CASTLE COMPUTER SERVICES LIMITED

**CONSOLIDATED STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Note	2017 £	2016 £
Turnover	4	8,879,335	8,310,009
Cost of sales		(3,501,394)	(3,281,678)
Gross profit		5,377,941	5,028,331
Administrative expenses		(5,160,254)	(4,719,080)
Operating profit	7	217,687	309,251
Interest receivable and similar income	8	2,609	2,076
Interest payable and expenses	9	-	(1,983)
Profit before tax		220,296	309,344
Tax on profit	10	(42,346)	(90,680)
Profit after tax		<u>177,950</u>	<u>218,664</u>
Retained earnings at the beginning of the year		832,489	745,024
Profit for the year attributable to the owners of the parent		177,950	218,664
Dividends declared and paid		(111,768)	(131,199)
Retained earnings at the end of the year		<u>898,671</u>	<u>832,489</u>

There were no recognised gains and losses for 2017 or 2016 other than those included in the consolidated statement of income and retained earnings.

The notes on pages 12 to 26 form part of these financial statements.

CASTLE COMPUTER SERVICES LIMITED
REGISTERED NUMBER: SC080997

GROUP BALANCE SHEET
AS AT 31 DECEMBER 2017

	Note	2017 £	2016 £
Fixed assets			
Intangible assets	11	332,642	346,792
Tangible assets	12	79,256	51,266
Investment property	14	198,181	198,181
		<u>610,079</u>	<u>596,239</u>
Current assets			
Stocks	15	24,171	100,294
Debtors: amounts falling due within one year	16	1,997,278	2,385,392
Cash at bank and in hand	17	2,553,850	1,683,283
		<u>4,575,299</u>	<u>4,168,969</u>
Creditors: amounts falling due within one year	18	(4,080,994)	(3,727,674)
Net current assets		<u>494,305</u>	<u>441,295</u>
Total assets less current liabilities		<u>1,104,384</u>	<u>1,037,354</u>
Provisions for liabilities			
Deferred tax	10	(668)	
Net assets		<u><u>1,103,716</u></u>	<u><u>1,037,354</u></u>
Capital and reserves			
Called up share capital	20	100,024	100,024
Share premium account		26,996	26,996
Capital redemption reserve		78,025	78,025
Profit and loss account		898,671	832,489
		<u><u>1,103,716</u></u>	<u><u>1,037,354</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 28/9 2018 by:

T O'Hara
Director

A Turnbull
Director

The notes on pages 12 to 26 form part of these financial statements.

CASTLE COMPUTER SERVICES LIMITED
REGISTERED NUMBER: SC080997

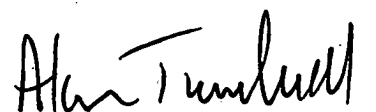
COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2017

	Note	2017 £	2016 £
Fixed assets			
Tangible assets	12	77,905	49,933
Investments	13	5	5
		<u>77,910</u>	<u>49,938</u>
Current assets			
Stocks	15	24,171	100,294
Debtors: amounts falling due within one year	16	3,021,039	3,332,971
Cash at bank and in hand	17	2,553,850	1,683,283
		<u>5,599,060</u>	<u>5,116,548</u>
Creditors: amounts falling due within one year	18	(3,493,518)	(3,297,173)
Net current assets		<u>2,105,542</u>	<u>1,819,375</u>
Total assets less current liabilities		<u>2,183,452</u>	<u>1,869,313</u>
Provisions for liabilities			
Deferred tax	10	(668)	-
Net assets		<u><u>2,182,784</u></u>	<u><u>1,869,313</u></u>
Capital and reserves			
Called up share capital	20	100,024	100,024
Share premium account		26,996	26,996
Capital redemption reserve		78,025	78,025
Profit and loss account		1,977,739	1,664,268
		<u><u>2,182,784</u></u>	<u><u>1,869,313</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 28/9 2018 by:

T O'Hara
Director

A Turnbull
Director



The notes on pages 12 to 26 form part of these financial statements.

CASTLE COMPUTER SERVICES LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2017

	2017 £	2016 £
Cash flows from operating activities		
Profit for the financial year	177,949	218,664
Adjustments for:		
Amortisation of intangible assets	59,250	51,392
Depreciation of tangible assets	57,067	74,852
Gain on disposal of tangible assets	(500)	-
Interest paid	-	1,983
Interest received	(2,608)	(2,076)
Taxation charge	42,346	90,680
Decrease/(increase) in stocks	76,123	(76,138)
Decrease/(increase) in debtors	324,411	(268,025)
Increase in creditors	414,439	114,136
Corporation tax (paid)	(9,826)	(79,874)
Net cash generated from operating activities	<u>1,138,651</u>	<u>125,594</u>
Cash flows from investing activities		
Purchase of intangible fixed assets	(45,100)	(78,576)
Purchase of tangible fixed assets	(85,057)	(23,475)
Sale of tangible fixed assets	500	-
Interest received	2,608	2,076
Net cash (used in) investing activities	<u>(127,049)</u>	<u>(99,975)</u>

The notes on pages 12 to 26 form part of these financial statements.

CASTLE COMPUTER SERVICES LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017

	2017 £	2016 £
Cash flows from financing activities		
Repayment of/new finance leases	(29,267)	(29,267)
Interest paid	-	(1,983)
Dividends paid	(111,768)	(131,199)
Net cash used in financing activities	<u>(141,035)</u>	<u>(162,449)</u>
Net increase/(decrease) in cash and cash equivalents	<u>870,567</u>	<u>(136,830)</u>
Cash and cash equivalents at beginning of year	1,683,283	1,820,113
Cash and cash equivalents at the end of year	<u><u>2,553,850</u></u>	<u><u>1,683,283</u></u>
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	<u>2,553,850</u>	<u>1,683,283</u>

The notes on pages 12 to 26 form part of these financial statements.

CASTLE COMPUTER SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

1. General information

These financial statements are presented in Pounds Sterling (GBP), as that is the currency in which the group's and company's transactions are denominated. They comprise the financial statements of the group and company drawn up for the year ended 31 December 2017.

The continuing activities of Castle Computer Services Limited ('the company') is the supply, implementation and support of Financial and Business Systems and Software together with the provision of IT infrastructure design and support services including Data Hosting and Virtualisation.

The company is a private company limited by shares and is incorporated in United Kingdom and registered in Scotland. Details of the registered office can be found on the company information page of these financial statements. The company's registered number is SC080997.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with applicable law and United Kingdom Accounting Standards including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the company/group accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

One (dormant) subsidiary, Castle Computer Services (Glasgow) Limited has been consolidated with a reporting date of 30 November 2017.

The parent company has taken exemption from preparing its profit and loss account under section 408 of the Companies Act 2006.

2.3 Going concern

The directors are of the opinion that the company 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.

2.4 Turnover and cost sales

Turnover comprises the value of goods and services supplied by the company, 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.

CASTLE COMPUTER SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

2. Accounting policies (continued)

2.5 Interest income

Interest income is recognised in the Consolidated Statement of Income and Retained Earnings using the effective interest method.

2.6 Finance costs

Finance costs are charged to the Consolidated Statement of Income and Retained Earnings over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.7 Intangible assets

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Profit and Loss Account over its useful economic life of 10 years.

Intellectual software property is recognised on the basis of the cost at initial recognition. After recognition, under the cost model, it is then measured at cost less any accumulated amortisation and any accumulated impairment losses. Intellectual software property is amortised on a straight line basis to the Profit and Loss Account over its estimated useful life of 10 years.

2.8 Tangible fixed assets

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.

Depreciation is provided on the following basis:

Plant and machinery	- 33%	straight line
Motor vehicles	- 25%	straight line
Equipment, fixtures and fittings	- 20%	straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Income and Retained Earnings.

2.9 Investment property

Investment property is carried at fair value determined annually and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the Consolidated Statement of Income and Retained Earnings.

CASTLE COMPUTER SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

2. Accounting policies (continued)

2.10 Financial instruments

The Company and Group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

2.11 Current and deferred tax

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the company and the group operate and generate income.

Deferred tax is provided 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.

2.12 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.

2.13 Investments

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

2.14 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.

CASTLE COMPUTER SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

2. Accounting policies (continued)

2.15 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.16 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.17 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.18 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

2.19 Finance leases and hire purchase contracts

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. 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 Consolidated Statement of Income and Retained Earnings so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

2.20 Pensions

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

2.21 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of Income and Retained Earnings on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

The Company has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard 01 January 2016 to continue to be charged over the period to the first market rent review rather than the term of the lease.

CASTLE COMPUTER SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

3. Judgements in applying accounting policies and key sources of estimation uncertainty

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Group's accounting policies.

The directors are satisfied that accounting policies are appropriate and applied consistently. Key sources of accounting estimation have been applied to the depreciation rates which are deemed to be appropriate for the class of assets.

4. Turnover

The whole turnover is attributable to the supply, implementation and support of Financial and Business Systems and Software together with the provision of IT infrastructure design and support services.

	2017 £	2016 £
Income	8,879,335	8,310,009
	<u>8,879,335</u>	<u>8,310,009</u>

All turnover arose within the United Kingdom.

5. Employees

Staff costs were as follows:

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Wages and salaries	3,166,728	3,053,582	2,480,582	2,287,628
Social security costs	367,781	351,022	279,068	265,151
Cost of defined contribution scheme	127,939	115,283	109,915	97,959
	<u>3,662,448</u>	<u>3,519,887</u>	<u>2,869,565</u>	<u>2,650,738</u>

The average monthly number of employees, including directors, during the year was 77 (2016 - 76).

CASTLE COMPUTER SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

6. Director remuneration

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Wages and salaries	263,446	257,124	263,446	257,124
Social security costs	32,976	35,483	32,976	35,483
Cost of defined contribution scheme	36,494	35,735	36,494	35,735
	<u>332,916</u>	<u>328,342</u>	<u>332,916</u>	<u>328,342</u>

During the year retirement benefits were accruing to 3 directors (2016 - 3) in respect of defined benefit contribution pension schemes.

The highest paid director received remuneration of £100,658 (2016 - £98,242).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £14,079 (2016 - £13,789).

Key management of the company comprise the directors. The emoluments of key management (excluding pension contributions and including benefits in kind) for the year were £263,446 (2016 - £257,124). The employers' NI contributions for the year were £32,976 (2016 - £35,483). Their pension contributions for the year were £36,494 (2016 - £35,735).

7. Operating Profit

	£	£
Depreciation of tangible fixed assets	57,067	74,852
Amortisation of intangible assets, including goodwill	59,250	51,392
Auditor's remuneration - audit fee	12,000	9,500
Auditor's remuneration - other services	2,750	6,240
Operating lease payments	<u>45,760</u>	<u>70,774</u>

8. Investment income and interest receivable

	2017 £	2016 £
Other interest receivable	<u>2,609</u>	<u>2,076</u>

CASTLE COMPUTER SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

9. Interest payable and similar charges

	2017 £	2016 £
Finance leases and hire purchase contracts	<u>-</u>	<u>1,983</u>

10. Taxation

	2017 £	2016 £
Corporation tax		
Current tax on profits for the year	39,862	71,714
Adjustments in respect of previous periods	1,816	18,966
Total current tax	<u>41,678</u>	<u>90,680</u>
Deferred tax		
Origination and reversal of timing differences	668	-
	<u>42,346</u>	<u>90,680</u>

Factors affecting tax charge for the period

The tax assessed for the year is the same as (2016 – the same as) the standard rate of corporation tax in the UK of 19.25% (2016 - 20%). The differences are explained below:

	2017 £	2016 £
Profit on ordinary activities before tax	220,296	309,344
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.25% (2016 - 20%)	42,407	61,869
Effects of:		
Expenses not deductible for tax purposes	2,106	2,414
Adjustments to tax charge in respect of prior periods	1,816	18,966
Adjust closing deferred tax to average rate of 19.25%	(88)	607
Adjust opening deferred tax to average rate of 19.25%	(455)	338
Deferred tax not recognised	(3,440)	6,486
Total tax charge for the year	<u>42,346</u>	<u>90,680</u>

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 2017**

11. Intangible assets

Group and Company

	Goodwill £	Software Intellectual Property £	Total £
Cost			
At 1 January 2017	298,049	294,447	592,496
Additions	-	45,100	45,100
At 31 December 2017	<u>298,049</u>	<u>339,547</u>	<u>637,596</u>
Amortisation			
At 1 January 2017	144,117	101,587	245,704
Charge for the year	29,805	29,445	59,250
At 31 December 2017	<u>173,922</u>	<u>131,032</u>	<u>304,954</u>
Net book value			
At 31 December 2017	<u>124,127</u>	<u>208,515</u>	<u>332,642</u>
At 31 December 2016	<u>153,932</u>	<u>192,860</u>	<u>346,792</u>

CASTLE COMPUTER SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

12. Tangible fixed assets

Group

	Plant and machinery £	Office equipment £	Motor vehicles £	Total £
Cost				
At 1 January 2017	773,469	168,484	37,755	979,708
Additions	84,487	570	-	85,057
Disposals	(369,173)	(78,023)	(16,535)	(463,731)
At 31 December 2017	<u>488,783</u>	<u>91,031</u>	<u>21,220</u>	<u>601,034</u>
Depreciation				
At 1 January 2017	741,510	157,078	29,854	928,442
Charge for the year on owned assets	49,916	4,589	2,562	57,067
Disposals	(369,173)	(78,023)	(16,535)	(463,731)
At 31 December 2017	<u>422,253</u>	<u>83,644</u>	<u>15,881</u>	<u>521,778</u>
Net book value				
At 31 December 2017	<u>66,530</u>	<u>7,387</u>	<u>5,339</u>	<u>79,256</u>
At 31 December 2016	<u>31,959</u>	<u>11,406</u>	<u>7,901</u>	<u>51,266</u>

CASTLE COMPUTER SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

12. Tangible fixed assets (continued)

Company

	Plant and machinery £	Office equipment £	Motor vehicles £	Total £
Cost				
At 1 January 2017	747,536	168,482	37,755	953,773
Additions	84,487	551	-	85,038
Disposals	(369,173)	(78,023)	(16,535)	(463,731)
At 31 December 2017	<u>462,850</u>	<u>91,010</u>	<u>21,220</u>	<u>575,080</u>
Depreciation				
At 1 January 2017	716,907	157,078	29,854	903,839
Charge for the year on owned assets	49,916	4,589	2,562	57,067
Disposals	(369,173)	(78,023)	(16,535)	(463,731)
At 31 December 2017	<u>397,650</u>	<u>83,644</u>	<u>15,881</u>	<u>497,175</u>
Net book value				
At 31 December 2017	<u>65,200</u>	<u>7,366</u>	<u>5,339</u>	<u>77,905</u>
At 31 December 2016	<u>30,628</u>	<u>11,404</u>	<u>7,901</u>	<u>49,933</u>

CASTLE COMPUTER SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

13. Fixed asset investments

Investments
in
subsidiary
companies
£

Cost

At 1 January 2017 and 31 December 2017

5

Net book value

At 31 December 2016 and 31 December 2017

5

Fixed asset investments

The company holds investments in the following companies:

Name	Class of shares	Holding	Principal activity
Castle Computer Services (Edinburgh) Limited	ordinary shares	100 %	Dormant company
Castle Computer Services (Glasgow) Limited	ordinary shares	100 %	Dormant company
Castle Computer Services (UK) Limited	ordinary shares	100 %	Dormant company
Castle Computer Services (Dynamics) Limited	ordinary shares	100 %	The supply, implementation and support of Financial and Business Systems built on the Microsoft Dynamics NAV and CRM platforms.

The aggregate of the share capital and reserves as at 30 November 2017 for Castle Computer Services (Glasgow) Limited and 31 December 2017 for all other subsidiary undertakings and of the profit or loss for the year ended on those dates were as follows:

	Aggregate of share capital and reserves £	Profit/(loss) £
Castle Computer Services (Edinburgh) Limited	2	-
Castle Computer Services (Glasgow) Limited	1	-
Castle Computer Services (UK) Limited	1	-
Castle Computer Services (Dynamics) Limited	(1,079,067)	(247,290)
	<u>(1,079,063)</u>	<u>(247,290)</u>

CASTLE COMPUTER SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

14. Investment property

Group

**Freehold
investment
property
£**

Valuation

At 1 January 2017

198,181

At 31 December 2017

198,181

The 2017 valuations were made by the directors on an open market value for existing use basis.

15. Stocks

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Finished goods and goods for resale	<u>24,171</u>	<u>100,294</u>	<u>24,171</u>	<u>100,294</u>

16. Debtors

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Trade debtors	964,172	1,390,345	569,065	877,308
Amounts owed by group undertakings	-	-	1,587,035	1,574,305
Other debtors	1,033,106	995,047	864,939	881,358
	<u>1,997,278</u>	<u>2,385,392</u>	<u>3,021,039</u>	<u>3,332,971</u>

17. Cash and cash equivalents

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Cash at bank and in hand	<u>2,553,850</u>	<u>1,683,283</u>	<u>2,553,850</u>	<u>1,683,283</u>

CASTLE COMPUTER SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

18. Creditors: amounts falling due within one year

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Trade creditors	1,128,251	972,436	935,580	831,565
Corporation tax	39,862	71,714	39,862	71,714
Other taxation and social security	336,681	295,379	336,681	295,379
Obligations under finance lease and hire purchase contracts	-	29,267	-	29,267
Other creditors	123,314	370,577	123,314	80,943
Accruals and deferred income	2,452,886	1,988,301	2,058,081	1,988,306
	<u>4,080,994</u>	<u>3,727,674</u>	<u>3,493,518</u>	<u>3,297,174</u>

19. Financial instruments

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Financial assets				
Cash and cash equivalents	2,553,850	1,683,283	2,553,850	1,683,283
Financial assets held at amortised cost	1,147,702	1,585,813	2,171,463	2,533,393
Financial assets that are equity instruments measured at cost less impairment	-	-	5	5
	<u>3,701,552</u>	<u>3,269,096</u>	<u>4,725,318</u>	<u>4,216,681</u>

Financial liabilities

Financial liabilities measured at amortised cost	<u>(1,680,851)</u>	<u>(581,146)</u>	<u>(1,090,268)</u>	<u>(986,469)</u>
--	--------------------	------------------	--------------------	------------------

Financial assets that are debt instruments measured at amortised cost comprise: Cash at bank, trade debtors, other debtors and accrued income.

Financial assets that are equity instruments measured at cost less impairment comprise: investments in subsidiary undertakings.

Financial liabilities measured at amortised cost comprise: trade creditors, other creditors, accruals, and obligations under hire purchase contracts.

CASTLE COMPUTER SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

20. Called-up share capital

	2017 £	2016 £
Allotted, called up and fully paid equity shares:		
100,000- Ordinary shares of £1 each	100,000	100,000
20- A Ordinary shares of £1 each	20	20
4- B Ordinary shares of £1 each	4	4
	<u>100,024</u>	<u>100,024</u>

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.

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.

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.

21. Pension commitments

The group operates a defined contribution 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 £109,916 (2016: £97,957).

At 31 December 2017 contributions of £14,117 (2016: £13,165) were due and are included within other creditors.

22. Commitments under operating leases

At 31 December 2017 the Group and Company had future minimum lease payments under non-cancellable operating leases as follows:

	2017 £	2016 £
Land and buildings		
Not later than 1 year	48,832	24,416
Later than 1 year and not later than 5 years	195,328	-
Later than 5 years	73,248	-
	<u>317,408</u>	<u>24,416</u>

CASTLE COMPUTER SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

22. Commitments under operating leases (continued)

	2017	2016
	£	£
Other		
Not later than 1 year	19,477	21,254
Later than 1 year and not later than 5 years	1,759	10,315
	<u>21,236</u>	<u>31,569</u>

23. Related party transactions

The dividends were paid to directors in the current and preceding years.

24. Controlling party

The ultimate controlling party at 31 December 2017 was Mr A M Munro.

25. Parent company profit for the year

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own statement of income and retained earnings in the financial statements. The profit after tax of the parent company for the year was £425,239 (2016: £287,473).

26. Post balance sheet events

Since the year end the company has been sold and Kick ICT Group Limited is now the controlling party.