



Scott-Moncrieff
business advisers and accountants

CASTLE COMPUTER SERVICES (DYNAMICS) LIMITED

Company registration number SC397146

Financial Statements

For the 18 month period ended 31 October 2013

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CASTLE COMPUTER SERVICES (DYNAMICS) LIMITED
Financial statements for the 18 month period ended 31 October 2013

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CASTLE COMPUTER SERVICES (DYNAMICS) LIMITED

Directors, officers and advisers

Directors

A M Munro
G A Strathie
P McTaggart

Registered office

Stewart House
Pochard Way
Strathclyde Business Park
Bellshill
ML4 3HB

Registered number

SC397146

Auditor

Scott-Moncrieff
Exchange Place 3
Sempie Street
Edinburgh
EH3 8BL

Solicitors

HBJ Gateley
Exchange Tower
19 Canning Street
Edinburgh
EH3 8EH

CASTLE COMPUTER SERVICES (DYNAMICS) LIMITED

Report of the Directors

The directors present their report and the financial statements of the company for the eighteen months ended 31 October 2013.

Principal activities, review of the business and future developments

The principal activity of the group in the year under review was the supply, implementation and support of Financial and Business Systems built on the Microsoft Dynamics NAV and CRM platforms.

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.

At the end of 2011 a loss making Microsoft Dynamics Reseller was acquired by the company. The Reseller had good IP and a strong vertical market which complemented the existing Dynamics business of the Castle group. This was a strategic acquisition which the Directors expected to negatively impact the financial performance of the company and the group in the short term but which is expected to provide a significant boost to revenues and profitability of the company and the group in the longer term. 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.

While the acquired business had good core products in certain vertical markets it was trading at a significant loss. Since acquisition considerable investment in products, people and processes has taken place and in the integration of the business with the rest of the Castle Group. This has included a strong focus on applying the implementation and support methodologies that have proved so successful in the rest of the Castle Group over the last 30 + years since it was established. While the investment has been significant in the short term, the Directors are confident this will generate significant future profitability. The loss posted in the eighteen month period was £504,543. However the trend has been improving during that period and it is expected that by December 2013 profit will be achieved on a month to month basis which will be a significant turnaround in the company's fortunes.

Going forward, we 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 and with a strong focus on delivering projects on time and to budget while providing clients with a measurable return on investment.

Results and dividends

The results for the year are shown on the profit and loss account on page 6. The company's loss for the year after taxation was £504,543. No dividend was paid during the year.

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.

CASTLE COMPUTER SERVICES LIMITED
Report of the Directors (continued)

This report was approved by the board on 18/1 2014 and signed on its behalf by:

Patrick J. McTaggart

P J McTaggart

Director

CASTLE COMPUTER SERVICES (DYNAMICS) LIMITED

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

We have audited the financial statements of Castle Computer Services (Dynamics) Limited for the 18 month period ended 31 October 2013 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

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.

Respective responsibilities of directors and auditor

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 and express an opinion on 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 Practice's Board's Ethical Standards for Auditors, including "APB Ethical Standard - Provisions Available for Small Entities (Revised)", in the circumstances set out in note 13 to the financial statements.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's web-site at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 October 2013 and of its loss for the 18 month period 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial 18 month period for which the financial statements are prepared is consistent with the financial statements.

CASTLE COMPUTER SERVICES (DYNAMICS) LIMITED

**Independent auditor's report to the members of Castle Computer Services (Dynamics) 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the Directors' Report.

Donald C Forsyth

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

Date: 18 September 2014

CASTLE COMPUTER SERVICES (DYNAMICS) LIMITED
Profit and loss account for the 18 month period ended 31 October 2013

	<u>Notes</u>	<u>31 October 2013</u>	<u>Year to 30 April 2012</u>
		£	£
Turnover		1,347,347	-
Cost of sales		(449,178)	-
Gross profit		898,169	-
Administrative expenses		(1,402,712)	-
Operating loss	2	(504,543)	-
Taxation on loss on ordinary activities	4	-	-
Loss for the financial 18 month period	10	(504,543)	-

The notes on pages 8 to 11 form part of these financial statements.

CASTLE COMPUTER SERVICES (DYNAMICS) LIMITED

Balance sheet at 31 October 2013

	Notes	31 October 2013 £	30 April 2012 £
Fixed assets			
Intangible assets	5	397,829	460,069
Tangible assets	6	9,568	24,603
		<u>407,397</u>	<u>484,672</u>
Current assets			
Debtors	7	365,027	53,335
Cash at bank and in hand		-	1
		<u>365,027</u>	<u>53,336</u>
Creditors: amounts falling due within one year	8	<u>(1,276,966)</u>	<u>(538,007)</u>
Net current liabilities		<u>(911,939)</u>	<u>(484,671)</u>
Total assets less current liabilities		<u><u>(504,542)</u></u>	<u><u>1</u></u>
Capital and reserves			
Called up share capital	9	1	1
Profit and loss account	10	(504,543)	-
		<u>(504,542)</u>	<u>1</u>
Shareholders' funds		<u><u>(504,542)</u></u>	<u><u>1</u></u>

These financial statements have been prepared in accordance with the special provisions relating to small companies within part 15 of the Companies Act 2006 and with the Financial Reporting Standard for Smaller Entities (effective April 2008).

The financial statements were authorised for issue by the board of directors on 12/1/14 and signed on its behalf by:


G A Strathie
Director


P McTaggart
Director

Company Registration No: SC397146

The notes on pages 8 to 11 form part of these financial statements.

CASTLE COMPUTER SERVICES (DYNAMICS) LIMITED

Notes to the financial statements for the 18 month period ended 31 October 2013

1 Accounting policies

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.

Basis of accounting

The financial statements are prepared on the historical cost basis of accounting and have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

The financial statements do not include a cash flow statement because the company, as a small reporting entity, is exempt from the requirements to prepare such a statement under the Financial Reporting Standard for Smaller Entities (effective April 2008).

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 are included in Cost of Sales.

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 on the following bases:

Plant and machinery	33% straight line
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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 Financial Reporting Standard 10 "Goodwill and intangible assets".

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 Financial Reporting Standard 10 "Goodwill and intangible assets".

Deferred taxation

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.

CASTLE COMPUTER SERVICES (DYNAMICS) LIMITED

Notes to the financial statements for the 18 month period ended 31 October 2013 (continued)

2 Operating loss

This is stated after charging:

	31 October 2013	Year to 30 April 2012
	£	£
Amortisation of intangibles	88,271	-
Depreciation	15,035	-

3 Directors' remuneration

The directors did not receive any emoluments during the 18 month period (Year to 30 April 2012: £Nil).

4 Taxation on loss on ordinary activities

	2013	2012
	£	£
United Kingdom corporation tax at 23.61%	-	-
Factors affecting tax charge for the period		
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 23.61%	(119,124)	-
Expenses not deductible for tax purposes	66	-
Capital allowances in excess of depreciation	(2,259)	-
Group relief surrendered	75,891	-
Utilisation of unrelieved tax losses	45,426	-
Current tax charge for the 18 month period	-	-

5 Intangible fixed assets

	Goodwill	Software Intellectual Property	Total
	£	£	£
Cost			
At 1 May 2012	260,069	200,000	460,069
Additions	20,918	5,113	26,031
At 31 October 2013	280,987	205,113	486,100
Amortisation			
Charge for the period	51,604	36,667	88,271
At 31 October 2013	51,604	36,667	88,271
Net book value			
At 31 October 2013	229,383	168,446	397,829
At 30 April 2012	260,069	200,000	460,069

CASTLE COMPUTER SERVICES (DYNAMICS) LIMITED

Notes to the financial statements for the 18 month period ended 31 October 2013 (continued)

6 Tangible fixed assets

	Plant and machinery
	£
Cost	
At 1 May 2012 and 31 October 2013	<u>24,603</u>
Depreciation	
Charge for the period	<u>15,035</u>
At 31 October 2013	<u>15,035</u>
Net book value	
At 31 October 2013	<u>9,568</u>
At 30 April 2012	<u>24,603</u>

7 Debtors

	31 October 2013	30 April 2012
	£	£
Trade debtors	<u>266,954</u>	-
Other debtors	<u>98,073</u>	<u>53,335</u>
	<u>365,027</u>	<u>53,335</u>

8 Creditors: amounts falling due within one year

	31 October 2013	30 April 2012
	£	£
Trade creditors	<u>69,114</u>	-
Amounts owing to group undertakings	<u>975,110</u>	<u>348,750</u>
Other creditors	<u>232,742</u>	<u>189,257</u>
	<u>1,276,966</u>	<u>538,007</u>

9 Called-up share capital

	31 October 2013	30 April 2012
	£	£
Allotted, called up and fully paid Equity shares:		
Ordinary shares of £1 each	<u>1</u>	<u>1</u>

CASTLE COMPUTER SERVICES (DYNAMICS) LIMITED

Notes to the financial statements for the 18 month period ended 31 October 2013 (continued)

10 Reserves

	Profit and loss account
	£
Loss for the 18 month period	(504,543)
At 31 October 2013	<u>(504,543)</u>

11 Controlling party

The parent and ultimate controlling party is Castle Computer Services Limited.

12 Related parties

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.

13 Other professional services provided by the auditor

In common with many other businesses of our size and nature we use our auditor to prepare and submit returns to the tax authorities and assist with the preparation of the financial statements.