RNS Number:
Castle Street Investments plc
10 March 2016

Castle Street Investments plc

Audited Final Results for the year ended 31 December 2015

("Castle Street", the Group" or "the Company")

Castle Street Investments plc (AIM: CSI) announces its audited results for the year ended 31 December 2015. The results for the period are not representative of the Company going forward as the Company successfully concluded the acquisitions of Selection Services Investments Limited and C4L Group Holdings Limited after the year end. The Company has now been established as a well-funded consolidator in the IT Services and Cloud sector.

Results highlights

- £22.8 million of cash and cash equivalents at 31 December 2015.

- Reduced on-going administrative costs to £0.5 million in the year to 31 December 2015 as the operation scaled down significantly following the disposal of its legacy businesses in 2013 and 2014.

- Completed the evaluation of various potential investing opportunities, incurring £0.8 million of exceptional costs in respect of acquisitions in early 2016.

- Generated profit before tax and loss on disposal of discontinued activities of £1.1 million (2014: loss of £4.1 million) and an EPS of 1.05p (2014: loss per share of 14.93p).

Post period-end highlights

- Acquisition of Selection Services Investments Limited and its subsidiary entities ("Selection"), a provider of Managed IT Solutions, Cloud and network service with over 500 active customers, primarily focused on the United Kingdom mid-market.

- An oversubscribed £30.0 million fundraising (before expenses) through the issue of 100,000,000 new ordinary shares.

- New Group bank facilities with The Royal Bank of Scotland plc.

- Acquisition of C4L Group Holdings Limited ("C4L"), a successful and growing network services and data centre hosting business with over 550 active customers. C4L brings a high quality core network infrastructure with substantial capacity for growth and a broad data centre infrastructure.

- Experienced management team recruited and Board strengthened.

Jonathan Watts, Chairman of Castle Street commented:

"Castle Street has recruited a highly capable executive team and has concluded a successful placing and two complimentary acquisitions to provide a solid platform for future growth. The Group is now well positioned as a consolidator within the United Kingdom IT services sector where we believe there is an opportunity to increase shareholder value through organic and acquisitive growth".

The Annual Report and Accounts for the year ended 31 December 2015 will be posted to shareholders at least 21 days prior to the AGM and a copy will be available on the Company's website at www.castlestreetinvestments.com

Enquiries:

Castle Street Investments plc

Andy Ross, Chief Executive Officer	Tel: +44 (0) 7899 664 193
Julian Phipps, Chief Financial Officer	Tel: +44 (0) 7852 714 674
N+1 Singer (Nominated Adviser and Broker)	Tel: +44 (0) 20 7496 3000
James Maxwell	
Jen Boorer	
MXC Capital Markets LLP (Financial Adviser)	Tel: +44 (0) 20 7965 8149
Marc Young	
Charlotte Stranner	
Alma PR	
Josh Royston	Tel: +44 (0) 7780 901 979
John Coles	Tel: +44 (0) 7836 273 660

About Castle Street Investments plc

Following the Board's strategy review of the legacy business in September 2014, which led to its disposal on 24 December 2014, the Company became an Investing Company, a status which continued for the year ended 31 December 2015. In early 2016, the Company has made two acquisitions, further details of which are outlined in the Chairman's Statement.

Chairman's statement

Following the strategic decision in 2014 to dispose of the remaining legacy business, the Company has operated as an Investing Company. During 2015 in line with its investing policy, the Board duly identified and evaluated various potential investing opportunities.

On 21 January 2016, the Company raised £30.0 million before expenses through the issue of 100,000,000 new ordinary shares, which was oversubscribed, to finance the entire issued share capital of Selection, strengthen the balance sheet for future acquisitions and for general working capital purposes. Selection is a provider of Managed IT Solutions, Cloud and network services with over 500 active customers, primarily focused on the United Kingdom mid-market, with offices in Croydon, Bromley, Reading and Bristol and approximately 380 staff.

At the same time as this acquisition was announced, Bill Dobbie resigned as Chairman of the Group and became a non-executive Director and I was appointed as Chairman. Andy Ross, Chief Executive Officer, Julian Phipps, Chief Financial Officer and Katherine Ward, non-executive Director were appointed to the Board replacing Niall Stirling, Chief Financial Officer and Max Royde, non-executive Director, who stepped down from the Board.

On 25 January 2016, the Group secured new bank facilities with The Royal Bank of Scotland plc, which comprised a £2.0 million overdraft facility, a five year £7.0 million Revolving Credit Facility and an accordion loan, which allows the total facility to be increased by up to £10.0 million to support organic and acquisitive growth initiatives.

On 16 February 2016, the Company announced the acquisition of the entire issued share capital of C4L. C4L is an infrastructure-rich provider of network and data centre services with over 550 active customers, primarily focused on the United Kingdom market, with offices in Bournemouth (including its own 3MW Tier2/3 data centre) and Docklands, London, and approximately 50 staff. Matt Hawkins, Chairman and founder of C4L, joins the Group Board as Chief Technology Officer and Simon Mewett, Chief Executive Officer of C4L, joins the Group Board as Chief Operating Officer.

I am delighted that the Board's investing policy has culminated in us owning these two exciting, complementary businesses, both with highly energised and motivated staff, and a broad range of products and services across IT Managed Solutions, networks, hosting and cloud services. I look forward to working with my new colleagues on the Board to drive growth and deliver a positive return to shareholders.

Finally, I'd like to express my thanks to our outgoing Directors, Niall Stirling and Max Royde for their efforts in support of the Company.

Jonathan Watts
Non-Executive Chairman

Financial review

Review of 2015

2015 was a year of transition for the Group, with the continued focus on ensuring a smooth exit from the legacy businesses which were sold in 2013 and 2014, whilst at the same time, a new focus on executing against the investment strategy and policy in order to maximise shareholder returns.

Discontinued operations

The Group made a gross profit of £0.2 million on revenue of £0.2 million arising from its legacy business in 2015, with no further revenue anticipated from these assets in 2016. The Group also released provisions of £1.5 million, once all the property, legal and redundancy claims had been settled in 2015. At the end of 31 December 2015, the Group held provisions of £0.4 million (2014: £3.0 million) for final property, taxation and other potential liability settlements.

Continuing operations

The Group's on going administrative costs during 2015 amounted to £0.5 million as the operation scaled down significantly following the disposal of its legacy businesses.

The Group's investing policy involved the identification and evaluation of potential acquisition opportunities, which resulted in the acquisitions of Selection on 21 January 2016 and C4L on 15 February 2016. In the year to 31 December 2015, the Group incurred £0.8 million of exceptional costs in respect of these acquisitions.

Finance income

Finance income relates primarily to the unwinding of the discount applied to the deferred consideration arising on the legacy business disposal.

Profit before tax

The Group generated a profit before tax and loss on disposal of discontinued activities of £1.1 million (2014: loss of £4.1 million).

Tax charge

The Group has provided for corporation tax to be charged at 20.25%. The tax computation for 2014 showed tax losses of £5.0 million, which were utilised against current year and prior year tax charges.

Balance sheet

All the tangible and intangible assets were disposed of in 2014, the Group had £22.8 million of cash and cash equivalents and £0.1 million other assets at 31 December 2015.

Dividend

The Directors do not propose a dividend in respect of the current financial year.

Update and outlook for 2016

On 21 January 2016, the Company raised £30.0 million before expenses through the issue of 100,000,000 new ordinary shares, which was oversubscribed, to finance the entire issued share capital of Selection, a United Kingdom focused provider of IT solutions and Cloud Services with over 500 active customers and to fund future growth, including strengthening the balance sheet for future acquisitions. The enterprise value of the acquisition was £34.8 million, paid as £34.4 million in cash with the balance satisfied by the issue of 1,353,810 new ordinary shares.

Selection's last statutory accounts, prepared under UK GAAP, were for the year ended 30 June 2015. Their performance in the six month period since their last year end is summarised as follows:

	6 months to 31 December 2015 (Unaudited) £000	12 months to 30 June 2015 (Audited) £000	6 months to 31 December 2014 (Unaudited) £000
Revenue	17,717	34,544	17,121
Gross profit	7,362	13,474	6,742
Gross profit %	42%	39%	39%
EBITDA	1,396	3,199	1,500
EBITDA %	7.9%	9.3%	8.8%
Operating loss	(831)	(1,327)	(787)
Loss before taxation	(2,369)	(3,967)	(2,406)

EBITDA is defined as earnings before interest, tax, depreciation, amortisation, share based payments, acquisition and restructuring costs, release of provisions and exceptional costs.

Note: the above numbers are prepared on a UK GAAP basis. On an IFRS basis, the EBITDA in the 12 months to 30 June 2015 was £3,325,000, the operating profit was £1,334,000 and the loss before taxation was £1,020,000. The differences arise due to differing accounting treatments for amortisation and certain other costs.

Selection has performed satisfactorily since 30 June 2015, winning new business and securing a place on the government G-Cloud 7 Contracting framework within the Crown Commercial Service, enabling it to bid for public sector contracts across the United Kingdom.

On 25 January 2016, the Group secured new bank facilities with The Royal Bank of Scotland plc. The facilities comprise a five year £7.0 million Revolving Credit Facility available to the Group until 22 January 2021 and a £2.0 million overdraft facility, renewable annually. In addition, the Revolving Credit Facility also contains an accordion feature that allows the total facility to be increased by up to a further £10.0 million to support organic and acquisitive growth initiatives.

On 16 February 2016, the Company announced the acquisition of C4L, a successful and growing network services and data centre hosting business with over 550 active customers, for a total consideration of £20.2 million, paid as £14.2 million in cash with the balance satisfied by the issue of 18,346,918 new ordinary shares. C4L brings a high quality core network infrastructure with substantial capacity for growth and a broad data centre infrastructure.

C4L's last statutory accounts, prepared under UK GAAP, were for the year ended 31 October 2015. Their performance in the two month period since their last year end is summarised as follows:

	2 months to 31 December 2015 (Unaudited) £000	12 months to 31 October 2015 (Audited) £000	2 months to 31 December 2014 (Unaudited) £000
Revenue	2,337	13,917	2,239
Gross profit	818	4,626	814
Gross profit %	35%	33%	35%
EBITDA	306	1,040	220
EBITDA %	13.1%	7.5%	9.4%

EBITDA is defined as earnings before interest, tax, depreciation, amortisation, share based payments, acquisition and restructuring costs, release of provisions and exceptional costs.

C4L has traded well since 31 October 2015, following the successful implementation of a number of hosting and network clients.

A further update on trading and outlook for 2016 will be provided at the time of filing interim financial statements for the six month period to 30 June 2016.

Julian Phipps
Chief Financial Officer

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2015

	Continuing operations 2015 £000	Discontinued operations 2015 £000	Total 2015 £000	Discontinued Total 2014 £000
Revenue	**-**	**146**	**146**	12,569
Cost of sales	**-**	**29**	**29**	(11,960)
Gross profit	**-**	**175**	**175**	609
Administrative expenses	**(1,273)**	**1,552**	**279**	(6,817)
Operating profit/(loss)	**(1,273)**	**1,727**	**454**	(6,208)
Analysed as:				
Earnings/(loss) before interest, tax, depreciation, amortisation, share based payments, acquisition and restructuring costs and exceptional costs	**(513)**	**650**	**137**	(873)
Depreciation of plant and equipment	**-**	**-**	**-**	(233)
Amortisation of intangible assets	**-**	**-**	**-**	(2,001)
Release of provisions	**-**	**1,535**	**1,535**	-
Exceptional costs	**(760)**	**(458)**	**(1,218)**	(3,101)
Finance income			**659**	2,148
Profit/(loss) before taxation			**1,113**	(4,060)
Taxation (charge)/credit			**(363)**	470
Profit/(loss) for the year after taxation			**750**	(3,590)
Loss on disposal of discontinued activities net of tax			**-**	(7,038)
Profit/(loss) for the financial year – discontinued operations			**750**	(10,628)
Other comprehensive income:				
Items that are or may be reclassified subsequently to profit or loss:				
Foreign exchange translation differences – equity accounted investments			**-**	2
Profit/(loss) for the financial year and total comprehensive income all attributable to equity holders of the parent			**750**	(10,626)
Basic and diluted earnings/(loss) per share				
Basic (p per share)			**1.05p**	(14.93p)
Diluted (p per share)			**1.05p**	(14.93p)

Consolidated Statement of Financial Position

As at 31 December 2015

	2015	2014
	£000	£000
Non-current assets		
Property, plant and equipment	**-**	-
Intangible assets	**-**	-
Investments	**-**	-
Financial assets	**74**	-
	74	-
Current assets		
Trade and other receivables	**80**	11,974
Cash and cash equivalents	**22,769**	12,139
Tax recoverable	**-**	1,033
	22,849	25,146
Total assets	**22,923**	25,146
Current liabilities		
Trade and other payables	**1,146**	1,840
Provisions	**438**	2,753
Tax payable	**290**	-
	1,874	4,593
Non-current liabilities		
Provisions	**-**	254
	-	254
Total liabilities	**1,874**	4,847
Net assets	**21,049**	20,299
Equity attributable to equity holders of the parent		
Share capital	**1,780**	1,780
Share premium	**-**	18,025
Capital redemption reserve	**-**	347
Retained earnings	**19,437**	1,576
Foreign currency translation reserve	**(168)**	(168)
Merger reserve	**-**	(1,261)
Total equity	**21,049**	20,299

Consolidated Statement of Changes in Equity

	Share capital	Share premium	Share options reserve	Capital redemption reserve	Retained earnings	Foreign currency translation reserve	Merger reserve	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 1 January 2014	2,084	18,025	635	43	13,705	(170)	(1,261)	33,061
Total comprehensive income for the year								
Loss for the year	-	-	-	-	(10,628)	-	-	(10,628)
Exchange rate differences	-	-	-	-	-	2	-	2
Transactions with owners recorded directly in equity								
Dividends paid	-	-	-	-	(2,136)	-	-	(2,136)
Cancellation of options	-	-	(635)	-	635	-	-	-
Cancellation of shares held in treasury	(304)	-	-	304	-	-	-	-
Balance at 31 December 2014	**1,780**	**18,025**	**-**	**347**	**1,576**	**(168)**	**(1,261)**	**20,299**
Total comprehensive income for the year								
Profit for the year	-	-	-	-	750	-	-	750
Transactions with owners recorded directly in equity								
Cancellation of share premium reserve	-	(18,025)	-	-	18,025	-	-	-
Cancellation of capital redemption reserve	-	-	-	(347)	347	-	-	-
Release of merger reserve	-	-	-	-	(1,261)	-	1,261	-
Balance at 31 December 2015	**1,780**	**-**	**-**	**-**	**19,437**	**(168)**	**-**	**21,049**

On 23 December 2014, the Company passed a number of resolutions including the cancellation of the Company's capital redemption reserve. The court order approving the reduction of capital was registered with the Companies House on 28 August 2015.

In the year ended 31 December 2015, following the sale of the of the legacy business, the merger reserve created in 2009 a result of the acquisition of the trade and assets of the Easydate Limited under a common control transaction, was released to retained earnings.

Consolidated statement of cash flows
for the year ended 31 December 2015

	2015 £000	2014 £000
Cash flows from operating activities		
Profit/(loss) for the year	**750**	(10,628)
Adjustments for:		
Depreciation and amortisation	**-**	2,234
Financial income	**(659)**	(2,148)
Taxation	**363**	(997)
Loss on disposal of discontinued activities	**-**	7,565
Gain on disposal of fixed assets	**(22)**	-
Other reserve movements	**-**	2
	432	(3,972)
Decrease in trade and other receivables	**187**	1,863
Decrease in trade and other payables	**(694)**	(6,096)
(Decrease)/increase in provisions	**(2,569)**	3,007
	(2,644)	(5,198)
Tax refund/(paid)	**960**	(638)
Net cash from operating activities	**(1,684)**	(5,836)
Cash flows from investing activities		
Interest received	**-**	73
Acquisition of property, plant and equipment	**-**	(57)
Capitalised development expenditure	**-**	(1,171)
Acquisition of other intangible assets	**-**	(80)
Proceeds from sale of discontinued operations 2014	**12,366**	1,680
Proceeds from sale of discontinued operations 2013	**-**	7,000
Proceeds from sale of property, plant and equipment	**22**	59
Net cash from investing activities	**12,388**	7,504
Cash flows from financing activities		
Dividends paid	**-**	(2,136)
Acquisition of financial assets	**(74)**	-
Net cash from financing activities	**(74)**	(2,136)
Net increase/(decrease) in cash and cash equivalents	**10,630**	(468)
Cash and cash equivalents at 1 January	**12,139**	12,607
Cash and cash equivalents at 31 December	**22,769**	12,139

Notes to the Consolidated Financial Statements

Castle Street Investments plc is a public limited company incorporated and domiciled in the United Kingdom, whose shares are publicly traded on AIM, the market of that name operated by the London Stock Exchange. The Company's registered office is at 24 Dublin Street, Edinburgh EH1 3PP.

The results for the year ended 31 December 2015 have been extracted from the audited consolidated financial statements, which are expected to be published on the Group's website (www.castlestreetinvestments.com) shortly.

The financial information set out above does not constitute the Company's statutory accounts for the years ended 31 December 2015 or 2014 but is derived from those accounts. Statutory accounts for 2014 have been delivered to the Registrar of Companies, and those for 2015 will be delivered in due course. The auditor has reported on those accounts; their reports were (i) unqualified, (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

The annual financial statements have been prepared in accordance with EU adopted International Financial Reporting Standards (IFRS), IFRIC interpretations and the Companies Act 2006 applicable to companies reporting under IFRS. They have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities at fair value through profit or loss.

Accounting policies

The principal accounting policies, which have been applied consistently in the preparation of the consolidated financial statements throughout the year and by all subsidiary companies are set out below:

Going concern

The financial statements have been prepared on a going concern basis following its acquisition of Selection and C4L, which the Directors believe is appropriate.

The Directors have prepared cash flow forecasts for the Group following its acquisition of Selection and C4L. These forecasts show that the Group expects to meet its liabilities from cash resources as they fall due for a period in excess of 12 months from date of approval of these financial statements.

On 25 January 2016, the Group secured new bank facilities with The Royal Bank of Scotland plc. The facilities comprise a five year £7.0 million Revolving Credit Facility available to the Group until 22 January 2021 and a £2.0 million overdraft facility, renewable annually. In addition, the Revolving Credit Facility also contains an accordion feature that allows the total facility to be increased by up to a further £10.0 million to support organic and acquisitive growth initiatives.

Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, and trade and other payables.

Trade and other receivables

Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest rate method, less any impairment losses.

Trade and other payables

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest rate method.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

Revenue

Website membership income is recognised on a straight line basis over the length of the membership subscribed for. When the Group has an underlying obligation to provide services because, for example, of membership being paid in advance, revenue is recognised as the service is performed and amounts billed or secured in advance are treated as deferred income and excluded from current revenue.

The accounting policy for revenue generated by the Group's future acquisitions will be dependent upon the investment decision made.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Provisions

A number of provisions including provisions exist at the year end. By their nature these provisions are judgemental. The entity has considered the range of possible outcomes and made provision on the basis of the possible outcomes.

Foreign currency

The consolidated financial statements are presented in sterling, which is the Group's functional and presentation currency. The income and expenses of foreign entities are translated at the average exchange rate for the period in which the activity occurred. The assets and liabilities of such entities are translated at the exchange rate prevailing at the balance sheet date. Exchange differences arising upon translation are reported as a separate component of equity.

Monetary assets and liabilities denominated in foreign currency are translated to the presentation currency at the exchange rate ruling at each balance sheet date. Foreign currency differences arising on retranslation of these monetary items are recognised as a profit or a loss in the period.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of transaction.

Exceptional costs

The Group has disclosed additional information in respect of exceptional items on the face of the consolidated statement of comprehensive income in order to aid understanding of the Group's financial performance. An item is treated as exceptional if it is considered that by virtue of its nature, scale, or incidence it is of such significance that separate disclosure is required for the financial statements to be properly understood. These items are not part of the Group's normal ongoing operations.

Discontinued operations

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative income statement is restated as if the operation has been discontinued from the start of the comparative period.

Segment reporting

During the year ended 31 December 2015, the Company operated as an Investing Company. As a result, the internal reporting structure from prior years, based on operating segments by geographical territories is irrelevant for the Company as an investing company. Consequently, no segmental analysis has been prepared for the 2015 financial year.

Exceptional Costs

Exceptional costs in 2015 include £0.8 million (2014: £nil) in respect of acquisition costs incurred pre 31 December 2015, £nil (2014: £1.2 million) for costs associated with termination of employee contracts, £nil (2014: £1.1 million) for the actual or expected settlement of patent and trademark infringement claims in the United States of America, and £0.5 million (2014: £0.8 million) for committed costs under onerous contracts, including property leases in the United Kingdom and France.

Provisions released in 2015 include £0.3 million (2014: nil) following termination of employee contracts, £0.9 million (2014: £nil) as a result of the actual settlement of patent and trademark infringement claims in the United States of America, and £0.3 million (2014: £nil) following settlement of onerous contracts, including property leases in the United Kingdom and France.

Earnings/(loss) per share

	Earnings	Weighted average no. of shares	Earnings per share	Loss	Weighted average no. of shares	Loss per share
	2015	2015	2015	2014	2014	2014
	£000	'000		£000	'000	
Basic earnings/(loss) per share	750	71,202	1.05p	(10,628)	71,202	(14.93)p
Dilution for options	-	-		-	-	-
Diluted earnings/(loss) per share	750	71,202	1.05p	(10,628)	71,202	(14.93)p
Amortisation of intangible assets (ex R&D)	-			1,154		
Loss on disposal	-			7,565		
Tax impact of adjusted items	-			(775)		
Adjusted profit/(loss) for the year	750			(2,684)		
Basic adjusted earnings/(loss) per share		71,202	1.05p		71,202	(3.77)p
Diluted adjusted earnings/(loss) per share		71,202	1.05p		71,202	(3.77)p

The calculation of basic earnings per share at 31 December 2015 was based on a weighted average number of ordinary shares outstanding of 71,201,993 (2014: 71,201,642). There were no options in issue at 31 December 2015 (2014: nil) and as a result, there was no difference between basic and diluted earnings/(loss) per share.

Provisions

	Property £000	**Legal claims £000**	**Redundancy £000**	**Other £000**	**Total £000**
Balance at 1 January 2014	-	-	-	-	-
Provisions made during the year	588	1,140	985	429	3,142
Provisions used during the year	-	(135)	-	-	(135)
Balance at 31 December 2014	588	1,005	985	429	3,007
Provisions made during the year	43	2	-	413	458
Provisions used during the year	(273)	(136)	(732)	(351)	(1,492)
Provisions released during the year	(305)	(871)	(253)	(106)	(1,535)
Balance at 31 December 2015	53	-	-	385	438
Current					438

Provisions consist of costs associated with termination of employee contracts, costs for the actual or expected settlement of claims, and committed costs under onerous contracts, including property leases in France. At the balance sheet date, the Directors have made provisions and recorded payables which due to their nature are judgemental. While the provisions reflect the Directors' best estimates of the likely outflow of funds, there is a risk that additional amounts may be payable in a worst case scenario.

Share capital

	Number
At 1 January 2014	83,371,971
Cancellation of shares held on treasury	(12,169,978)
In issue at 31 December 2014, 1 January 2015 and 31 December 2015 – fully paid	71,201,993

	2015	2014
	£	£
Allotted, called up and fully paid		
A Ordinary shares of 2.5p	**1,780,050**	1,780,050
Shares classified in shareholders' funds	**1,780,050**	1,780,050

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board monitors the return on capital and the level of dividends to ordinary shareholders.

Subsequent events

On 21 January 2016 in order to fund future acquisitions, 100,000,000 new ordinary shares were issued, raising £30.0 million before expenses of £0.7 million.

After the Board duly identified and evaluated various potential investing opportunities throughout 2015, on 21 January 2016, the Company announced the acquisition of the entire issued share capital of Selection, a United Kingdom focused provider of IT solutions and Cloud Services. The enterprise value of the acquisition was £34.8 million, paid as £34.4 million in cash with the balance satisfied by the issue of 1,353,810 new ordinary shares. Acquisition costs amounted to £0.8 million.

On 25 January 2016, the Group secured new bank facilities with The Royal Bank of Scotland plc. The facilities comprise a five year £7.0 million Revolving Credit Facility available to the Group until 22 January 2021 and a £2.0 million overdraft facility, renewable annually. In addition, the Revolving Credit Facility also contains an accordion feature that allows the total facility to be increased by up to a further £10.0 million to support organic and acquisitive growth initiatives. Costs of setting up the new Group bank facility amounted to £0.1 million.

On 15 February 2016, the Company acquired C4L, a successful and growing network services and data centre hosting business, for a total consideration of £20.2 million, paid as £14.2 million in cash with the balance satisfied by the issue of 18,346,918 new ordinary shares. C4L brings a high quality core network infrastructure with substantial capacity for growth and a broad data centre infrastructure. Acquisition costs amounted to £0.8 million.