SUPPLEMENTARY PROSPECTUS

Castle Trust Income HouSA plc

Incorporated with limited liability in Jersey with registered number 108225 and having its registered office at Elizabeth House, 9 Castle Street, St. Helier, Jersey JE4 2QP.

£1,800,000,000 CASTLE TRUST INCOME HOUSA NOTE PROGRAMME

SUPPLEMENTARY PROSPECTUS

This Supplementary Prospectus constitutes a supplementary prospectus in accordance with Prospectus (Directive 2003/71/EC) Regulations 2005 and relevant implementing measures in the United Kingdom (the "**Prospectus Directive**"). This Supplementary Prospectus has been approved by the FSA, which is the United Kingdom competent authority for the purposes of the Prospectus Directive, as a supplementary prospectus issued in compliance with the Prospectus Directive.

This Supplementary Prospectus is supplemental to and must be read in conjunction with the Base Prospectus. You should read the whole of this Supplementary Prospectus and the Base Prospectus.

The date of this Supplementary Prospectus is 28 December 2012.

The Issuer and the Directors accept responsibility for the information contained in this Supplementary Prospectus and declare that, to the best of the knowledge and belief of the Issuer and the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this Supplementary Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information or which would make any statement herein misleading.

Castle Trust and the Castle Trust Directors accept responsibility for the information contained in this Supplementary Prospectus relating to Castle Trust and declare that, to the best of the knowledge and belief of Castle Trust and the Castle Trust Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this Supplementary Prospectus relating to Castle Trust is in accordance with the facts and contains no omission likely to affect its import or which would make any statement herein misleading.

This Supplementary Prospectus includes particulars given in compliance with the Listing Rules of the Channel Islands Stock Exchange for the purpose of giving information with regard to the Issuer.

In accordance with section 87Q(4)-(6) FSMA, prospective investors who, prior to the publication of this Supplementary Prospectus, have agreed to buy or subscribe for Notes pursuant to the Programme, have the right to withdraw their commitments. Such right shall expire at the end of the second working day after the date of this Supplementary Prospectus.

Purpose of this Supplementary Prospectus

The purpose of this supplementary prospectus is to draw to the attention of prospective and current investor to the publication of the annual report and financial statements of Castle Trust for the financial year ended 30 September 2012, as further described below.

Signed by Miranda Lansdowne under Power of Attorney for each of:
Mr Tim Hanford
The Rt Hon The Lord Deben
Dame Deirdre Hutton
Mr Keith Abercromby
Sir Callum McCarthy
Mr Patrick Gale
Mr Sean Oldfield
Mr Richard Ramsay
Dr David Morgan

Supplementary Information

The Base Prospectus contains historical financial information on Castle Trust for the financial year ended 30 September 2011 and the interim period ended 31 March 2012. This historical financial information has been updated.

The purpose of this Supplementary Prospectus is to draw prospective and current investors' attention to the publication on 10 December 2012 by Castle Trust of its full-year audited financial statements for the financial year ended 30 September 2012 together with the directors' report and auditors' report dated 10 December 2012 (the "**Annual Report**"). A copy of the Annual Report is included in the schedule of this Supplementary Prospectus.

The Annual report can also be viewed online at www.castletrust.co.uk/literature-library. The website www.castletrust.co.uk is not incorporated by reference into this Supplementary Prospectus and no part of the website www.castletrust.co.uk forms part of this Supplementary Prospectus.

The Annual Report is new information which may be significant for the purposes of making an informed assessment of the kind mentioned in section 87A(2) FSMA. It should be considered in addition to the information set out in the Base Prospectus:

The financial information included in this Supplementary Prospectus has not been prepared in accordance with the international accounting standards adopted pursuant to the procedure of Article 3 of Regulation (EC) No. 1606/2002 but in accordance with UK GAAP. There may be material differences in the financial information had Article 3 of Regulation (EC) No. 1606/2002 been applied to the historical financial information.

Save as disclosed in this Supplementary Prospectus, no significant new factor, material mistake or inaccuracy or significant change relating to information included in the Base Prospectus has arisen since publication of the Base Prospectus on 3 October 2012.

Documents available for inspection

Copies of the Base Prospectus, this Supplementary Prospectus and the Annual Report may be inspected free of charge at the offices of JTC (Jersey) Limited, Elizabeth House, 9 Castle Street, St. Helier, Jersey JE4 2QP and at the offices of Macfarlanes LLP, 20 Cursitor Street, London EC4A 1LT.

THE SCHEDULE

Castle Trust
For the life you want

Castle Trust Capital plc

Directors' report and financial statements

30 September 2012

Directors
Sir Callum McCarthy
Mr Sean Oldfield
Mr Keith William Abercromby
Mr Timothy John Hanford
Dr David Raymond Morgan
Mr Patrick Nigel Christopher Gale
Dame Deirdre Mary Hutton
The Rt Hon the Lord Deben
Mr Richard Alexander McGregor Ramsay

Secretary
Mr Mark Banham (appointed 24 November 2011)
Ms Bibi Rahima Ally (resigned 23 November 2011)

Auditors
Ernst & Young LLP
1 More London Place
London
SE1 2AF
United Kingdom

Bankers
HSBC Bank PLC
First Floor
60 Queen Victoria Street
London
EC4N 4TR
United Kingdom

Registered Office
10 Norwich Street
London
EC4A 1BD
United Kingdom

Directors' report

The directors present the annual report and Group financial statements for Castle Trust Capital plc ("the Group" or "Castle Trust") for the year ended 30 September 2012.

Principal activity and business review

Following the receipt of the necessary regulatory authorisations, the Group commenced trading in October 2012 as a provider of mortgages (Partnership Mortgages) and house price linked investments (HouSAs). The Company is licensed by the Office of Fair Trading to issue Partnership Mortgages and was granted Financial Services Authority (FSA) permission to carry out regulated investment activities on 5 September 2012.

The Group has established a first class Board and management team and has implemented a robust legal, regulatory and operational framework for its business. Costs were carefully managed during the year, placing the Group in a strong position to launch.

In the current financial year, a number of significant developments have taken place:

- a further injection of £5.1m share capital on 14 October 2011 to support the business through the development phase prior to launch;
- a transfer of £12.8m from share premium to retained profits. At the half year, this was shown as a distributable reserve. There were no restrictions on the ability to distribute this reserve at the half year, there continue to be no restrictions in this element of retained profits and as such this was amalgamated with retained earnings in the current financial year;
- the conversion of Castle Trust Capital Limited to Castle Trust Capital plc was made by Board approval on 14 October 2011 and incorporated on 24 November 2011; and
- on 4 September 2012, a further £50.6m injection of share capital was made to support the business in its operations and provide a prudent buffer above its regulatory capital requirements.

Policy and practice on payment of creditors

Creditors are paid on or before the due date of the invoice or as otherwise agreed in a contract. The average number of days in which a creditor is paid is 29 days.

Political and charitable donations

The Company made no political or charitable donations in the year (2011: nil).

Future developments

The Company opened for business on 1 October 2012. The Company offers a fixed term investment ('HouSA') giving customers the opportunity to share in the returns of UK house prices (as measured by the Halifax House Price Index). In addition it offers a new form of mortgage ('Partnership Mortgage') that gives the customer flexibility in how to buy or re-mortgage their home.

Directors' report (continued)

Risk Management and exposure to risk

The Company measures and monitors risk on a regular basis and formally reviews its risk position at the Risk Committee every quarter. The main risks to which the Company is exposed are Liquidity and Credit risk. Neither risk is sought, but these risks are inherent in the Company's business model, and as such are regularly measured and monitored, and appropriately managed.

Liquidity

Liquidity risk is inherent within the Castle Trust Business Model. However, active management of the duration profile of the assets and liabilities significantly reduces the Company's exposure to liquidity risk.

Triggers which define risk tolerance have been determined by the Risk Committee, which is a subset of the Board. These risk limits can only be changed with Board approval, and are reviewed on a quarterly basis.

Credit risk

Retail credit risk is inherent in the Castle Trust Partnership Mortgage product. This risk is managed in the loan origination and servicing processes.

The Company has modelled the scenarios which might lead to a change in these risks, and these are measured and monitored on a quarterly basis by the Risk Committee.

Going concern assessment

The financial statements of Castle Trust Capital plc have been prepared on the going concern basis. In assessing whether the going concern assumption remains appropriate for the Group, the directors have considered:

- business activities, future developments and the financial position of the Group.
- risk management policies and how the Group is placed to manage business risks.
- the fact that there is no material uncertainty that the Group is not a going concern.
- risks to the Group's going concern arising from support it has committed to other group members.

Results and dividends

The results of the Group for the period are set out in the profit and loss account on page 8. The Group has made a loss in the current financial year amounting to £6,587,945 (2011: £7,181,535).

The Group remains adequately capitalised to continue operations prior to launch.

Directors' report (continued)

Directors' Indemnity and Directors' & Officers' Liability Insurance

The Company maintains a Directors' and Officers' Liability Insurance policy. In accordance with the Company's Articles of Association, the Board may also indemnify a director from the assets of the Company against any costs or liability incurred as a result of their office, to the extent permitted by law. Neither the insurance policy nor any indemnities that may be provided by the Company provide cover for fraudulent or dishonest actions by the directors.

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the group's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to made himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

Re-appointment of auditors

In accordance with Section 489 of the Companies Act 2006, a resolution to reappoint Ernst & Young LLP as the Group's auditor will be put to the forthcoming Annual General Meeting.

By order of the Board

Mr Mark Banham
Company Secretary
10 December 2012

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the company and of the profit or loss of the Group for that period. In preparing the Group financial statements the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the Group financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CASTLE TRUST CAPITAL PLC

We have audited the financial statements of Castle Trust Capital plc for the year ended 30 September 2012 which comprise the Group Profit and Loss Account, the Group and Parent Company Balance Sheets, the Group Cash Flow Statement, the Group and Parent Company Reconciliation of Shareholders' Funds and the related notes 1 to 18. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the 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 on page 5, 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 Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the directors' report and financial statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 30 September 2012 and of the group's loss 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.

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or

- the parent company financial statements are not in agreement with the accounting records and returns; or

- 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.

Angus Grant (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
10 December 2012

Notes:

1. The maintenance and integrity of the Castle Trust Capital plc web site is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.
2. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Group profit and loss account

for the period ended 30 September 2012

	Notes	2012 £	2011 £
Administrative expenses		(6,619,042)	(7,189,957)
Operating loss	4	(6,619,042)	(7,189,957)
Other interest receivable and similar income	3	40,649	8,422
Loss on ordinary activities before taxation		(6,578,393)	(7,181,535)
Taxation	6	(9,552)	-
Loss on ordinary activities after taxation		(6,587,945)	(7,181,535)

Recognised gains and losses

A statement of total recognised gains and losses has not been presented as there were no recognised gains or losses other than those already dealt with in the profit and loss account.

The results for the period ended 30 September 2012 and 30 September 2011 are derived from continuing operations.

The parent company's individual profit and loss account has been approved in accordance with section 414(1) of the Companies Act 2006 but has been omitted from the company's annual accounts in applying the exemption available from within section 408 of the Companies Act 2006. The loss for the year was £6,543,009 (2011: £6,780,862).

Group reconciliation of shareholders funds

for the period ended 30 September 2012

	Share Capital	*Share Premium*	*Retained Earnings*	*Total Equity*
	£	£	£	£
Balance at 30 September 2011	912,000	8,208,001	(7,181,535)	**1,938,466**
Share issue	5,566,001	50,093,999	-	**55,660,000**
	6,478,001	58,302,000	(7,181,535)	**57,598,466**
Share Premium Cancellation	-	(12,762,001)	12,762,001	**-**
Loss for the period	-	-	(6,587,945)	**(6,587,945)**
Balance at 30 September 2012	**6,478,001**	**45,539,999**	**(1,007,479)**	**51,010,521**

	Share Capital	*Share Premium*	*Retained Earnings*	*Total Equity*
	£	£	£	£
Balance at 30 September 2010	0.10	0.90	-	**1.00**
Share issue	912,000.00	8,208,000.00	-	**9,120,000.00**
	912,000.10	8,208,000.90		**9,120,001.00**
Loss for the period	-	-	(7,181,535)	**(7,181,535)**
Balance at 30 September 2011	**912,000.10**	**8,208,000.90**	**(7,181,535)**	**1,938,466**

Company reconciliation of shareholders' funds

for the period ended 30 September 2012

	Share Capital	*Share Premium*	*Retained Earnings*	*Total Equity*
	£	£	£	£
Balance at 30 September 2011	912,000	8,208,001	(6,780,862)	**2,339,139**
Share issue	5,566,001	50,093,999	-	**55,660,000**
	6,478,001	58,302,001	(6,780,862)	**57,999,139**
Share Premium Cancellation	-	(12,762,001)	12,762,001	-
Loss for the period	-	-	(6,543,009)	**(6,543,009)**
Balance at 30 September 2012	**6,478,001**	**45,539,999**	**(561,870)**	**51,456,130**

	Share Capital	*Share Premium*	*Retained Earnings*	*Total Equity*
	£	£	£	£
Balance at 30 September 2010	0.20	0.80	-	**1.00**
Share issue	912,000.00	8,208,000.00	-	**9,120,000.00**
	912,000.20	8,208,00.80	-	**9,120,001.00**
Loss for the period	-	-	(6,780,862)	**(6,780,862)**
Balance at 30 September 2011	**912,000.20**	**8,208,000.80**	**(6,780,862)**	**2,339,139**

Group balance sheet

at 30 September 2012

The table below shows the consolidated balance sheet of Castle Trust Capital plc as at 30 September 2012.

	Notes	2012 £	2011 £
Fixed assets			
Tangible assets	7	27,757	48,050
Current assets			
Debtors: amounts falling due within one year	8(a)	107,633	3,959
Debtors: amounts falling due after more than one year	8(b)	95,318	65,057
Investments: amounts receivable within one year	9	45,904,466	3,008,421
Cash at Bank and in hand		6,097,581	438,253
		52,204,998	3,515,690
Creditors: amounts falling due within one year	10	(1,222,234)	(1,625,274)
Net current assets		50,982,764	1,890,416
Total assets less current liabilities		51,010,521	1,938,466
Capital and reserves			
Called up share capital	11	6,478,001	912,000
Share premium account		45,539,999	8,208,001
Profit and loss account		(1,007,479)	(7,181,535)
Equity shareholders' funds	12	51,010,521	1,938,466

These financial statements have been prepared in accordance with the Companies Act 2006, on a historic cost basis under UK GAAP Accounting rules. They were approved and authorised for issue by the board of directors on 10 December 2012.

Sean Oldfield
Chief Executive Officer

10 December 2012

Keith Abercromby
Chief Financial Officer

10 December 2012

Company balance sheet

at 30 September 2012

	Notes	2012 £	2011 £
Fixed assets			
Investments in subsidiaries	16	1,000,001	2
Tangible assets	7	27,757	48,050
		1,027,758	48,052
Current assets			
Debtors: amounts falling due within one year	8(c)	2,298	3,959
Debtors: amounts falling due after more than one year	8(d)	95,318	65,057
Investments: amounts receivable within one year	9	45,904,466	3,008,421
Cash at bank and in hand		5,097,727	437,393
		51,099,808	3,514,830
Creditors: amounts falling due within one year	10	(671,436)	(1,223,743)
Net current assets		50,428,372	2,291,087
Total assets less current liabilities		51,456,130	2,339,139
Capital and reserves			
Called up share capital	11	6,478,001	912,000
Share premium account		45,539,999	8,208,001
Profit and loss account		(561,870)	(6,780,862)
Equity shareholders' funds	12	51,456,130	2,339,139

These financial statements have been prepared in accordance with the Companies Act 2006, on a historic cost basis under UK GAAP Accounting rules. They were approved and authorised for issue by the board of directors on 10 December 2012.

Sean Oldfield
Chief Executive Officer

10 December 2012

Keith Abercromby
Chief Financial Officer

10 December 2012

Castle Trust
For the life you want

Statement of cash flows

at 30 September 2012

	Notes	2012 £	2011 £
Net cash outflow from operating activities	17	(7,145,277)	(5,620,458)
Returns on investment			
Interest received		40,649	6,863
		40,649	6,863
Taxation			
Corporation tax paid		-	-
Capital expenditure			
Purchase of fixed assets		-	(59,733)
Net cash outflow before management of liquid resources and financing		(7,104,628)	(5,673,328)
Management of liquid resources			
Increase in liquid investments		(42,896,045)	(3,008,421)
Financing			
Issue of share capital		55,660,001	9,120,002
Increase in cash		5,659,328	438,253

Notes to the group financial statements

at 30 September 2012

1. Authorisation of financial statements and compliance with UK GAAP

(a)

(b) The financial statements of Castle Trust Capital plc and its subsidiaries (the "Group") for the year ended 30 September 2012 were approved by the board of directors on 10 December 2012 and the balance sheet was signed on the board's behalf by Sean Oldfield and Keith Abercromby. Castle Trust Capital plc is a public limited company incorporated and domiciled in England and Wales.

(c)

2. Accounting policies

Basis of preparation

(d) The Group's financial statements have been prepared under the historical cost convention and in accordance with UK GAAP and the Companies Act 2006. At the year ended 30 September 2012, these report and accounts have been prepared under the large company requirements under Part 15 s.404 of the Companies Act 2006. This has required some re-presentation of items previously reported for the year ended 30 September 2011 under the small company exemptions of Part 15 s.404. The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 30 September 2012. The Group financial statements are presented in Pounds Sterling.

(e)

Judgements and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the period. However, the nature of estimation means that actual outcomes could differ from those estimates.

Taxation

(f) Current Tax

(g) Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

(h) Deferred Tax

(i) Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less tax.

(j) Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

(k) Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Basis of consolidation

The Group financial statements consolidate the financial statements of Castle Trust Capital plc and the entities it controls (its subsidiaries) drawn up to 30 September each year.

Notes to the group financial statements

at 30 September 2012

Subsidiaries are consolidated from the date of their acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. Control comprises the power to govern the financial and operating policies of the investee so as to obtain benefit from its activities and is achieved through direct or indirect ownership of voting rights; currently exercisable or convertible potential voting rights; or by way of contractual agreement.

The financial statements of subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting period as the parent company and are based on consistent accounting policies. All intragroup balances and transactions, including unrealised profits arising from them, are eliminated.

The parent company's individual profit and loss account has been approved in accordance with section 414(1) of the Companies Act 2006 but has been omitted from the company's annual accounts in applying the exemption available from within section 408 of the Companies Act 2006. The loss for the year was £6,543,009 (2011: £6,780,862).

The company has taken advantage of the exemption from preparing a cashflow statement provided in FRS 1 as it is a wholly owned subsidiary undertaking included in consolidated financial statements that are publicly available.

Foreign currency translation
Transactions in foreign currencies are initially recorded in the entity's functional currency by applying the spot exchange rate ruling at the date of the transaction. All monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange ruling at the balance sheet date and differences on translation are taken to profit and loss.

Fixed assets
Fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Cost comprises the aggregate amount paid and the fair value of any other consideration given to acquire the asset and includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is provided on all tangible fixed assets, other than land, on a straight-line basis over its expected useful life as follows:

- Office equipment - 3 years
- Computer equipment - 3 years

The carrying values of tangible fixed assets and investments in subsidiaries are reviewed for impairment when events or changes in circumstances indicate carrying value may not be recoverable. Reversals of impairment losses are recognised in the profit and loss account if there has been a change in the estimates used to determine the recoverable amount of the investment.

Leases
Leases where the lessor retains a significant portion of the risks and benefits of ownership of the asset are classified as operating leases and rentals payable are charged in the income statement on a straight line basis over the lease term.

Notes to the group financial statements

at 30 September 2012

Cash at bank and in hand
Cash at bank and in hand in the balance sheet comprise cash at banks and in hand and short-term deposits with an original maturity of three months or less. For the purpose of the consolidated cash flow statement, cash at bank and in hand consists of cash at bank and in hand.

Other interest receivable and similar income
Other interest receivable and similar income is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

3. Other interest receivable and similar income

Other interest receivable and similar income recognised in the profit and loss account is analysed as follows.

Group	***2012***	***2011***
	£	***£***
United Kingdom:		
Interest income on deposits with banks	40,649	8,422

4. Operating loss

Operating loss is stated after charging:	**Group**	**Group**
	2012	***2011***
	£	***£***
Depreciation of tangible fixed assets	20,293	11,683
Auditors' remuneration:		
Audit services	30,000	30,000
Non audit services:		
Taxation services	13,080	-
Audit related assurance services	9,000	-
Other assurance services	90,600	109,560
	112,680	109,560
Total auditors' remuneration	142,680	139,560
Staff costs - (note 5)	3,264,771	1,669,630
Other operating lease expense:		
Land and buildings	407,926	271,814

Notes to the group financial statements

at 30 September 2012

Auditor's Remuneration

The auditors received total remuneration for audit services of £30,000 for the Group (2011: £30,000). Non-audit services of £112,680 were also incurred by the Group (2011: £109,560), of which approximately £6,000 related to tax services.

5. Staff costs

a) Employment costs of all employees included above comprise:

	Group ***2012*** **£**	Group ***2011*** **£**
Wages and salaries	2,716,298	1,391,451
National insurance costs	349,712	235,130
Pension costs (defined contribution scheme)	198,761	43,049
	3,264,771	1,669,630

(a)
b) Directors remuneration:
(d)

	(b) Group ***2012*** **£**	(c) Group ***2011*** **£**
Aggregate remuneration in respect of services	683,954	477,109
Number of directors accruing benefits under defined contribution pension schemes in respect of qualifying services	1	1
Company contributions paid to defined contribution pension schemes in respect of qualifying services	32,999	16,500

The monthly average number of people employed during the year was 20 (2011 – 11).

The highest paid director received a salary of £301,646.

Notes to the group financial statements

at 30 September 2012

6. Taxation

(a) Tax on profit on ordinary activities:

	Group	Group
	2012	***2011***
	£	**£**
Total tax charge for the period	9,552	-

(b) Reconciliation of tax on profit for the period:

	Group	Group
	2012	***2011***
	£	**£**
Loss on ordinary activities before tax	(6,578.393)	(7,181,535)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 23.5%	(1,545,922)	(1,924,651)
Effect of:		
Pre-trading expenditure for which a deferred tax asset is not recognised	1,555,474	1,924,651
Current tax	9,552	-

As at 30 September 2012, the Group had total pre-trading expenses of £11,695,917 in respect of which a deferred tax asset of £2,690,061 has not been recognised due to uncertainty surrounding the availability of taxable profits against which these could be offset.

The Government has announced its intention to reduce the UK corporation tax rate to 23% from 1 April 2013 and 21% from 1 April 2014. The 23% rate was enacted after the balance sheet date and the 21% rate is yet to be enacted.

The directors estimate that the maximum effect of the subsequent rate reductions will be to reduce the company's unrecognised deferred tax asset by £233,918.

Notes to the group financial statements
at 30 September 2012

7. Tangible fixed assets

Office and Computer Equipment

Group and Company

	2012	*2011*
	£	£
Cost at 30 September	59,733	59,733
Depreciation:		
Charge for the period	20,293	11,683
At 30 September	31,976	11,683
Net book value:		
At 30 September	27,757	48,050

8. Debtors

(a) Amounts falling due within one year	Group *2012* £	Group *2011* £
VAT Receivable	105,335	-
Prepayments	-	2,400
Interest receivable	2,298	1,559
	107,633	3,959

There has been a reclassification to prepayments reported in the prior year of £64,300 to reflect that this is a deposit on property and will not fall due within one year, refer note 8(b).

Notes to the group financial statements

at 30 September 2012

8. Debtors (continued)

(b) Amounts falling due after more than one year	Group 2012	Group 2011
Related party loan (note 14)		
Debtor balance at 30 September	757	757
Loan with related party	30,261	-
Related party debtor balance at 30 September	31,018	757
Deposit paid on property	64,300	64,300
	95,318	65,057

(c) Amounts falling due within one year	Company 2012 £	Company 2011 £
Prepayments	-	2,400
Interest receivable	2,298	1,559
	2,298	3,959

(d) Amounts falling due after more than one year:	Company 2012 £	Company 2011 £
Related party loan (note 14)		
Debtor balance at 30 September	757	1,680,119
Impairment charges in period	-	1,679,362
Net debtor balance at 30 September	757	757
Intercompany balance with related party	30,261	-
Related party debtor balance at 30 September	31,018	757
Deposit paid on property	64,300	64,300
	95,318	65,057

Notes to the group financial statements

at 30 September 2012

9. Investments receivable in one year

	Group and Company *2012*	Group and Company *2011*
Investment in liquidity funds	45,904,466	3,008,421

Investments are in 'AAA' rated Sterling liquidity funds. Funds are priced daily and can be recalled at one day's notice. These are short term investments with one month duration. The Fund can invest in certificates of deposit, commercial paper, medium term notes, variable rate notes, floating rate notes, bankers acceptances, government bonds, treasury bills, Eurobonds, asset backed securities and corporate bonds.

There has been a reclassification in the prior year to reflect holdings in liquidity funds of £3,008,421, which were previously included in cash at bank and in hand, in investments.

10. Creditors: amounts falling due within one year

	Group *2012* £	Group *2011* £
Trade Creditors	299,868	181,574
Accruals	912,814	1,443,700
Tax and social security	9,552	-
	1,222,234	1,625,274

	Company 2012 £	*Company 2011* £
Trade Creditors	59,382	181,574
Accruals	602,502	1,042,169
Tax and social security	9,552	-
	671,436	1,223,743

Notes to the group financial statements

at 30 September 2012

11. Allotted and called up share capital

	Group	Company
	2012	*2012*
	£	£
Authorised, allotted, called up and fully paid:		
64,780,000 ordinary shares of £0.10 each	6,478,000	6,478,000

	Group	Company
	2011	*2011*
	£	£
Authorised, allotted, called up and fully paid:		
9,120,000 ordinary shares of £0.10 each	912,000	912,000

The ordinary shares were issued for a consideration of £55,660,000 (2011 - £9,120,000).

12. Reconciliation of movement in shareholders' funds

	Group	Company
	2012	*2012*
	£	£
Opening shareholders' funds	1,938,466	2,339,139
Share capital issued in the period	55,660,000	55,660,000
Loss for the period	(6,587,945)	(6,543,009)
Closing shareholders' funds	**51,010,521**	**51,456,130**

The shareholders' funds do not include any amounts attributable to non-equity interests.

During the year 55,660,000 ordinary shares of £0.10 were allotted with an aggregate nominal value of £5,566,000 and total consideration received of £55,660,000.

13. Commitments

At 30 September the Group had annual commitments under non-cancellable operating leases related to Land and buildings as set out below:

Group and Company

	2012	*2011*
	£	£
Within one year	432,000	482,250

Notes to the group financial statements

at 30 September 2012

14. Related party transactions

During the period the Group entered into transactions, in the ordinary course of business, with other related parties. Transactions entered into, and trading balances with other related parties, are as follows:

- *Entities with significant influence over the Group*

	2012	**2011**
	£	**£**
Castle Trust Holdings (Jersey) Limited	*31,018*	*757*

- *During the year the Company made purchases on behalf of a wholly owned subsidiary at normal business terms*

	2012	**2011**
	£	**£**
Castle Trust Capital Management Limited	*1,514,907*	*1,679,362*

The nature of transactions entered into during the year was in relation to business establishment costs. The outstanding intercompany balance between Castle Trust Capital plc and Castle Trust Capital Management Limited of £3.2m was waived during the year. This has been treated as a capital contribution for accounting purposes.

15. Ultimate parent company

The Company's immediate parent undertaking is Castle Trust Holdings (Jersey) Limited which is incorporated in the Channel Islands. The Company's ultimate parent company is CTC Holdings (Cayman) Limited which is incorporated in the Cayman Islands.

16. Investments in subsidiaries

	Subsidiary undertakings	Capital Contribution	Total
	£	£	£
Cost:			
At 1 October 2011	2	-	2
Additions:			
Share subscription	999,999	-	999,999
Capital contribution:			
At 30 September 2012	-	3,194,269	3,194,269
Less: Impairment	-	(3,194,269)	(3,194,269)
Net book value at 30 September 2012	**1,000,001**	**-**	**1,000,001**

Notes to the group financial statements

at 30 September 2012

16. Investments in subsidiaries (continued)

As stated in Note 14, the waiver of the intercompany loan from Castle Trust Capital plc to Castle Trust Capital Management Limited of £3.2m has been treated as a Capital Contribution which has been fully impaired.

The Group and the parent company hold the following proportion of the nominal value (£0.10) of shares in the following Group subsidiary undertakings included in the Group consolidated accounts:

Name of company	*Holding*	*Proportion of voting rights & shares held, & nominal value*	*Nature of business*	*Country of incorporation*
Castle Trust Capital Management Limited	Ordinary shares	100%	Investment company	UK
Castle Trust Income HouSA plc	Ordinary shares	100%	Investment company	Jersey

17. Notes to the statement of cash flows

(e) Reconciliation of operating profit to net cash outflow from operating activities	***2012***	***2011***
	£	**£**
Group operating loss	(6,619,042)	(7,189,957)
Depreciation of fixed assets	20,293	11,683
Increase in debtors	(133,935)	(67,457)
(Decrease)/increase in creditors	(412,593)	1,625,273
Net cash flow from operating activities	(7,145,277)	(5,620,458)

18. Subsequent events

The business launched for Mortgage business on 1 October 2012 and for Investment business on 4 October 2012.