

# J M Computing Limited

## FINANCIAL STATEMENTS

for the year ended

30 June 2012



**Saffery Champness**  
CHARTERED ACCOUNTANTS

Company Registration No 1131358

# J M Computing Limited

## OFFICERS AND PROFESSIONAL ADVISERS

---

### DIRECTORS

A C Burgess  
T C Maxwell  
M J Bentley  
N J Isherwood  
M Sykes  
D Gill  
R P Jones  
L Steele

### SECRETARY

D Gill

### REGISTERED OFFICE

Riverside  
Agecroft Road  
Manchester  
M27 8SJ

### AUDITORS

Saffery Champness  
City Tower  
Piccadilly Plaza  
Manchester  
M1 4BT

### BANKERS

Lloyds TSB  
53 King Street  
Manchester  
M60 2ES

# J M Computing Limited

## DIRECTORS' REPORT

---

The directors submit their report and financial statements of J M Computing Limited for the year ended 30 June 2012

### **Business Review and Principal Activities**

The principal activity of the company during the year was the provision of IT support services, infrastructure and business management software

There has not been any significant change in the company's principal activity in the year under review. The directors are not aware, at the date of this report, of any likely major changes in the company's activities in the next year.

Attracting, developing and retaining high quality members of staff remains the central pillar of our client satisfaction strategy and ultimately one that defines our business success. In our analysis of client satisfaction our retention of talented individuals is highly valued by our clients and drives our exceptionally high levels of *client retention*. To this end we are pleased that our continuing efforts to provide our employees with a workplace that is challenging, stimulating and fun continue to be successful. During the reporting period this success was recognised by our attainment of three-star status from the Best Companies organisation, The Sunday Times recognising us as one of its 100 Best Small Companies to Work for and being recognised by the Salford Business Awards as its Best Employer for 2012. This recognition has supported our ambitions to secure further team members and new clients.

We are also pleased with the business's general performance over the reporting period with both turnover and profitability ahead of expectation. Central to this success has been significant growth in our sales into the social housing sector, an increase in the sales of business management software, particularly Microsoft Dynamics NAV, and the addition of our highest number of new clients in the last five years.

Our investment in driving opportunities within the social housing sector continues to demonstrate an improving return. During the year we secured and delivered our largest ever project to facilitate the integration of two large housing associations. As well as the obvious commercial benefits, this order further justifies our investment in the development of our Demand IT Platform solution and has raised significant awareness of our proposition in the marketplace. As a consequence we expect to see further growth in our sales in this sector in the coming financial year.

Sales of business management software were significantly ahead of expectation and in particular sales of Microsoft Dynamics NAV. Over the last few years we have invested considerably in recruiting and developing the appropriate team to take this application to market and we are now experiencing a sustained year-on-year gain in the number of clients attracted. This growth is expected to continue following the introduction of additional supporting applications and the identification of further markets in which Dynamics NAV is very relevant.

The introduction of a business unit to develop sales of the Microsoft Dynamics CRM (customer relationship management) application has proved successful with sales ahead of target. In the coming financial year we expect to see sales continue to climb with growth in sales to both existing clients and new clients.

Our investment in the development of a comprehensive portfolio of cloud solutions was a high priority during our previous financial year however sales have been slower than expected. We believe that our cloud solutions will increasingly account for a growing proportion of our sales, however issues such as business confidence in cloud solutions and the availability of high-quality, high-performance communications links remain inhibiting factors in their more widespread adoption.

Sales of our SupportCare services were at their highest level in the last five years with solid increases in the *range of services subscribed to by existing clients* plus the addition of our highest number of new clients in the last five years. Combined with our high levels of client satisfaction and retention, this offers the business a strong on-going revenue stream. Further significant financial investment has been made in the last twelve months to ensure that our SupportCare service remains at the forefront of the offerings in the market. Central to this has been the development of our exclusive SupportCare Incident Management System (SIMS) service. SIMS will ensure that we can even more effectively manage our client's IT systems remotely and will be an attractive upgrade for existing clients and as well as a compelling proposition to the broader marketplace.

# J M Computing Limited

## DIRECTORS' REPORT

---

### Future Prospects

We are confident that our performance in the coming year will show further improvements. Despite market conditions that we expect will remain difficult for the foreseeable future, we have continually demonstrated our ability to develop propositions that small to medium sized businesses find attractive and are confident that the recent investments made will deliver the growth we expect.

As shown in the company's profit and loss account on page 6, sales have increased by 7.7% over the prior year and profit before tax has decreased by 0.7% from 11.0% of sales to 10.3% of sales. The balance sheet on page 7 shows the company's financial position at the year end. The directors consider the level of sales, gross profit and profit before tax to be the key performance measures for the company on a monthly, quarterly and annual basis. There are no further KPIs that are necessary for an understanding of the development, performance or position of the business of the company.

Other financial risks faced by the company include credit risk and liquidity risk. The company manages these risks by performing client credit checks and cash flow forecasting and monitoring.

### Dividends and Transfer to Reserves

No dividends have been paid during the year (2011 - £nil). No final dividend is proposed (2011 - £nil). The profit of £731,679 (2011 - £736,676) has been transferred to reserves.

### The Directors of the Company

The directors who served the company during the year were as follows:

A C Burgess  
T C Maxwell  
M J Bentley  
N J Isherwood  
M Sykes  
D Gill  
R P Jones  
L Steele

### Employee Share Schemes

The involvement of key employees in the financial performance of the Group is encouraged through participation in the Group's share option scheme, details of which are shown in the consolidated financial statements of jmc it Group Limited.

### Statement as to disclosure of information to auditors

The directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditors are unaware. Each of the directors has confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditors.

### Auditors

Saffery Champness have indicated their willingness to continue in office.

By order of the board



D Gill  
Company Secretary

19 October 2012

---

# J M Computing Limited

## DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

---

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable laws 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). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to

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

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

# J M Computing Limited

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF J M COMPUTING LIMITED

We have audited the financial statements of JM Computing Limited set out on pages 6 to 15. 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 director and auditors

As explained more fully in the Directors Responsibilities Statement set out on page 4, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements 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 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.

### 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 30 June 2012 and of its 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.

### 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, 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.

Simon Kite, FCA  
Senior Statutory Auditor

*Saffery Champness*

For and on behalf of Saffery Champness

Chartered Accountants  
Statutory Auditors

23.10.12  
.....

City Tower  
Piccadilly Plaza  
Manchester  
M1 4BT

**J M Computing Limited**  
**PROFIT AND LOSS ACCOUNT**  
for the year ended 30 June 2012

	<i>Notes</i>	2012 £	2011 £
TURNOVER	1	9,594,480	8,909,517
Cost of sales		<u>(3,371,397)</u>	<u>(3,111,838)</u>
Gross profit		6,223,083	5,797,679
Administrative expenses		<u>(5,230,583)</u>	<u>(4,813,610)</u>
OPERATING PROFIT	2	992,500	984,069
Interest receivable and similar income	5	-	-
		<u>992,500</u>	<u>984,069</u>
Interest payable	6	-	-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		992,500	984,069
Taxation	7	<u>(260,821)</u>	<u>(247,393)</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	15	<u>731,679</u>	<u>736,676</u>

The operating profit for the year arises from the company's continuing operations

No separate Statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the Profit and Loss Account

# J M Computing Limited

## BALANCE SHEET

As at 30 June 2012

	<i>Notes</i>	2012 £	2011 £
<b>FIXED ASSETS</b>			
Tangible assets	9	150,586	150,731
<b>CURRENT ASSETS</b>			
Stocks	10	102,697	111,962
Debtors	11	5,334,566	3,966,512
Cash at bank and in hand		1,242,153	1,331,946
		<u>6,679,416</u>	<u>5,410,420</u>
<b>CREDITORS</b>			
Amounts falling due within one year	12	(3,796,808)	(3,239,636)
<b>NET CURRENT ASSETS</b>		<u>2,882,608</u>	<u>2,170,784</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		3,033,194	2,321,515
<b>CREDITORS</b> Amounts falling due after more than one year	13	(20,000)	(40,000)
		<u>3,013,194</u>	<u>2,281,515</u>
<b>CAPITAL AND RESERVES</b>			
Called up equity share capital	14	10,000	10,000
Profit and loss account	15	3,003,194	2,271,515
<b>SHAREHOLDERS' FUNDS</b>	16	<u>3,013,194</u>	<u>2,281,515</u>

These financial statements were approved by the directors, authorised for issue on 19 October 2012 and are signed on their behalf by



A C Burgess  
Director

**Company Registration No: 1131358**



# J M Computing Limited

## ACCOUNTING POLICIES

for the year ended 30 June 2012

---

### BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention

### CASH FLOW STATEMENT

The company is a wholly owned subsidiary of jmc it Holdings Limited and is included in the consolidated financial statements of jmc it Group Limited, the ultimate parent company, which are publicly available. Consequently the company has taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements

### TURNOVER

Turnover is the amount derived from the provision of goods and services during the year, exclusive of Value Added Tax, and is recognised when the goods have been despatched or the services have been provided. Deferred income arises from the allocation of support income over the period of the support contract

### FIXED ASSETS

All fixed assets are initially recorded at cost

### DEPRECIATION

Depreciation is provided on all tangible fixed assets calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows -

Leasehold improvements	15% straight line
Computer equipment	33% to 50% straight line
Vehicles	25% reducing balance
Fixtures, fittings and equipment	20% reducing balance

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable

### STOCKS

Stocks are valued at the lower of cost and net realisable value. Net realisable value is based on estimated selling price less all further costs to completion and all relevant marketing and selling costs

### DEFERRED TAXATION

Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes

The deferred tax balance has not been discounted

### LEASES

Rentals under operating leases are charged to the profit and loss account in equal amounts over the life of the lease

### PENSION COSTS

The company operates a defined contribution money purchase scheme for eligible employees. Contributions made by the company are charged to the profit and loss account as incurred. Differences between contributions payable and contributions actually paid are shown as prepayments or accruals in the balance sheet

**J M Computing Limited**  
ACCOUNTING POLICIES  
for the year ended 30 June 2012

---

**SHARE-BASED COMPENSATION**

The Group operates an equity-settled, share based compensation plan. Details of the scheme are shown in the consolidated financial statements of jmc it Group Limited.

**J M Computing Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2012

1	TURNOVER	2012 £	2011 £
	An analysis of turnover which is all attributable to the company's principal activity is given below		
	United Kingdom & Eire	<u>9,594,480</u>	<u>8,909,517</u>
2	OPERATING PROFIT		
	Operating profit is stated after charging		
		2012 £	2011 £
	Loss on disposal of tangible fixed assets	4,358	16,245
	Depreciation – owned assets	91,332	98,500
	Rentals under operating leases		
	Land & buildings	200,000	200,000
	Other	160,716	140,823
	Auditors Remuneration – audit	14,470	14,000
	- other services	<u>4,225</u>	<u>4,100</u>
3	EMPLOYEES	2012 No	2011 No
	The average monthly number of persons (including directors) employed by the group during the year was		
	Management	8	8
	Technical	49	46
	Sales and distribution	10	10
	Administration	16	15
		<u>83</u>	<u>79</u>
		2012 £	2011 £
	Staff costs for above persons		
	Wages and salaries	3,423,852	3,103,232
	Social security costs	428,286	373,816
	Pension costs	132,442	103,144
		<u>3,984,580</u>	<u>3,580,192</u>
4	DIRECTORS' EMOLUMENTS	2012 £	2011 £
	The directors' aggregate emoluments in respect of qualifying services were		
	Aggregate emoluments	739,754	700,039
	Company contributions to a money purchase pension scheme	44,923	43,642
		<u>784,677</u>	<u>743,681</u>

**J M Computing Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 30 June 2012**

4	<b>DIRECTORS' EMOLUMENTS (continued)</b>		
	Pension benefits are accruing to eight directors (2011 – eight) under a money purchase pension scheme		
		2012	2011
		£	£
	Remuneration of highest paid director		
	Aggregate emoluments	136,347	130,512
	Company contributions to a money purchase pension scheme	11,205	10,896
		<u>147,552</u>	<u>141,408</u>
5	<b>INTEREST RECEIVABLE</b>	2012	2011
		£	£
	Bank credit interest	-	-
	Interest on overpaid taxation	-	-
		<u>-</u>	<u>-</u>
6	<b>INTEREST PAYABLE</b>	2012	2011
		£	£
	Interest on underpaid taxation	<u>-</u>	<u>-</u>
7	<b>TAXATION</b>	2012	2011
		£	£
	Current tax		
	UK corporation tax at 25.5% (2011 – 27.5%) based on the profit for the period	247,657	247,393
	Adjustment in respect of prior years	606	-
	Total current tax	<u>248,263</u>	<u>247,393</u>
	Deferred tax	12,558	-
	Total tax on profit on ordinary activities	<u>260,821</u>	<u>247,393</u>

**J M Computing Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2012

7 TAXATION (continued)

The tax assessed for the period is higher than that resulting from applying the standard rate of corporation tax in the UK 25.5% (2011- 27.5%) The differences are explained below

Factors affecting tax charge for period	2012 £	2011 £
Profit on ordinary activities before taxation	992,500	984,069
Profit on ordinary activities multiplied by the standard rate of tax at 25.5% (2011 27.5%)	253,115	270,619
Expenses not deductible for tax purposes	4,055	5,318
Capital allowances in excess of depreciation	(5,696)	(7,376)
Other short term timing differences	2,920	-
Group relief claimed	(7,466)	(20,575)
Other tax adjustments	729	(593)
	<u>247,657</u>	<u>247,393</u>

8 DIVIDENDS

	2012 £	2011 £
Equity dividends on 10,000 ordinary £1 shares		
Interim paid - £nil per ordinary share (2011- £nil)	-	-

9 TANGIBLE FIXED ASSETS

	Leasehold Improvements	Computer Equipment	Fixtures, fittings and equipment	Vehicles	Total
	£	£	£	£	£
Cost					
At 1 July 2011	52,163	720,352	106,790	15,215	894,520
Additions	3,167	82,233	2,246	7,936	95,582
Disposals	-	43,454	-	6,362	49,816
At 30 June 2012	<u>55,330</u>	<u>759,131</u>	<u>109,036</u>	<u>16,789</u>	<u>940,286</u>
Depreciation					
At 1 July 2011	33,962	620,891	82,546	6,390	743,789
Charged in the year	4,321	75,300	5,068	6,643	91,332
Disposals	-	43,315	-	2,106	45,421
At 30 June 2012	<u>38,283</u>	<u>652,876</u>	<u>87,614</u>	<u>10,927</u>	<u>789,700</u>
Net book value					
At 30 June 2012	<u>17,047</u>	<u>106,255</u>	<u>21,422</u>	<u>5,862</u>	<u>150,586</u>
At 30 June 2011	<u>18,201</u>	<u>99,461</u>	<u>24,244</u>	<u>8,825</u>	<u>150,731</u>

**J M Computing Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 30 June 2012**

10	STOCKS	2012	2011
		£	£
	Raw materials and consumables	<u>102,697</u>	<u>111,962</u>
11	DEBTORS	2012	2011
		£	£
	Trade debtors	1,727,886	1,369,707
	Amounts owed by group undertakings	3,418,050	2,417,154
	Other debtors	176,627	155,090
	Deferred taxation	12,003	24,561
		<u>5,334,566</u>	<u>3,966,512</u>

Deferred tax asset

The deferred tax included in the balance sheet is as follows

	2012	2011
	£	£
At 1 July 2011	24,561	23,721
Movement in year	<u>(12,558)</u>	<u>840</u>
At 30 June 2012	<u>12,003</u>	<u>24,561</u>

The balance of the deferred taxation account consists of the tax effect of timing differences in respect of

	2012	2011
	£	£
Depreciation in excess of capital allowances	8,535	23,721
Short term timing differences	3,468	840
Deferred tax asset	<u>12,003</u>	<u>24,561</u>

The deferred tax asset has been recognised because, in the opinion of the directors, it is regarded more likely than not that it will be recovered

**J M Computing Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2012

12	CREDITORS Amounts falling due within one year		
		2012	2011
		£	£
	Trade creditors	906,544	489,074
	Amounts owed to group undertakings	100	100
	Other taxation and social security	546,897	496,431
	Corporation tax	117,457	113,393
	Deferred income	1,938,532	1,913,347
	Other creditors	248,311	190,603
	Accruals and deferred income	38,967	36,688
		<u>3,796,808</u>	<u>3,239,636</u>
13	CREDITORS Amounts falling due after more than one year		
		2012	2011
		£	£
	Rent Accrual	<u>20,000</u>	<u>40,000</u>
14	SHARE CAPITAL		
		2012	2011
		£	£
	Allotted, called up and fully paid 10,000 (2011 - 10,000) Ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>
15	PROFIT AND LOSS ACCOUNT		
		2012	2011
		£	£
	At 1 July 2011	2,271,515	1,534,839
	Accumulated profit for the financial year	731,679	736,676
	At 30 June 2012	<u>3,003,194</u>	<u>2,271,515</u>
16	RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS		
		2012	2011
		£	£
	Profit for the financial year	731,679	736,676
	Opening shareholders' equity funds	2,281,515	1,544,839
	Closing shareholders' equity funds	<u>3,013,194</u>	<u>2,281,515</u>

**J M Computing Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 30 June 2012**

**17 COMMITMENTS UNDER OPERATING LEASES**

	Land & buildings 2012 £	Land & buildings 2011 £	Other 2012 £	Other 2011 £
Leases which expire				
Within one year	-	-	6,223	32,426
Within two to five years	200,000	200,000	126,401	102,531
Over five years	-	-	-	-
	<u>200,000</u>	<u>200,000</u>	<u>132,624</u>	<u>134,957</u>

**18 CONTINGENCIES**

The company is subject to cross company guarantees in respect of the bank borrowings of its ultimate parent company jmc it Group Limited and its fellow group companies, JMC Group Limited and jmc it Holdings Limited. These guarantees are unlimited. The total group bank borrowings as at 30 June 2012 were £60,309 (2011 - £735,121)

The company is party to a group VAT registration, the total liability at 30 June 2012 was £357,234 (2011 - £330,385)

**19 PENSION COSTS**

The company makes contributions to a defined contribution pension scheme for eligible employees. During the year contributions of £132,442 (2011 - £103,144) were made. At the end of the year there was £12,541 outstanding (2011 - £nil). The assets of the scheme are held in a separate trustee administered scheme.

**20 ULTIMATE PARENT COMPANY**

The immediate parent company, jmc it Holdings Limited, is a subsidiary undertaking of JMC Group Limited, a company incorporated in Great Britain and registered in England and Wales. JMC Group Limited is a subsidiary undertaking of jmc it Group Limited, a company incorporated in Great Britain and registered in England and Wales, and which, in the opinion of the directors, is the ultimate parent company. The ultimate controlling party of the company is A C Burgess by virtue of his interest in jmc it Group Limited.

jmc it Group Limited is the parent of the smallest and largest group to prepare consolidated financial statements. Copies of the consolidated financial statements can be obtained from the Registrar of Companies, Companies House, Crown Way, Mandy, Cardiff, CF14 3UZ.

**21 RELATED PARTY TRANSACTIONS**

The company has taken advantage of the exemption contained in Financial Reporting Standard No 8 from disclosing group transactions and balances on the grounds that consolidated accounts are prepared.