

J M Computing Limited

FINANCIAL STATEMENTS

for the year ended

30 June 2011



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 2011

Business Review and Principal Activities

The principal activity of the company during the year was the provision 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.

Market conditions remain challenging however there was a noticeable improvement in business confidence of our traditional small to medium sized businesses (SMB) clients. This enhanced confidence was demonstrated by an increased willingness to consider investing in information technology and was one of the major reasons for the significant improvement in our turnover.

The second was a number of very sizeable orders that came from our continued emphasis on the housing association sector. Our investment and focus in this sector resulted in orders totalling £1.5m. Now with several year's experience of the sector and a reputation further enhanced by the successful implementation of several high profile projects at significant housing associations, we expect this success to continue in the coming financial year.

A further factor was our outstanding SupportCare Revenue renewal performance. Record client satisfaction statistics and an increasing numbers of clients committing to multi-year agreements (45% of all revenue is now secured for multiple years) were a major factor in us improving on last year's record revenue retention performance, with 90.1% of all possible revenue being renewed. With further significant increases in the headcount within our SupportCare service teams and an expectation that further multi-year agreements will be secured, we expect to maintain this level of retention in the coming financial period.

We were also pleased that our emphasis on driving sales of Microsoft's Dynamics range of ERP applications (Dynamics NAV and Dynamics GP) was rewarded by being selected to join the prestigious 2011 Microsoft Dynamics President's Club, ranking us among the top five per cent of Microsoft Dynamics partners in the world and one of only seven members in the UK.

Our investment in ensuring that we attract and retain the highest quality candidates was given a further boost with the announcement of our best ever result in The Sunday Times Top 100 Best Small Companies to Work For list. At the awards evening in February we were recognised as the 9th best small company to work for in the UK and were the highest ranking North West employer on this year's list.

Future Prospects

Market conditions remain challenging however we have seen clear signs that the initiatives we have introduced to ensure we offer the highest levels of customer service and to broaden our portfolio to include solutions that can deliver significant returns for small to medium sized businesses have been successful.

In the coming year we expect the investment that we made in the preceding year in the establishment of two additional revenue streams to become increasingly significant. Both areas are attracting a lot of attention in the marketplace and are very complimentary to our existing portfolio.

The first area is the development of our Demand IT (trade marked) range of cloud computing solutions. This range offers businesses an alternative to the traditional on-premise approach to providing IT services to its staff. From our secure data centres, via the Internet, our Demand IT solutions provide businesses with all the IT services they might without the need for a significant initial capital investment.

Secondly we have established a team to implement and support Microsoft's customer relationship management application Dynamics CRM. From first customer contact to after-sales service, Microsoft Dynamics CRM helps sales, customer service, field service, call centre and marketing professionals to work together effectively.

Both Demand IT and Dynamics CRM are relevant to all businesses even in challenging times and we believe that they will make an increasingly significant impact on our performance over the coming year and beyond.

As shown in the company's profit and loss account on page 6, sales have increased by 15.9% over the prior year and profit before tax has decreased by 2.3% from 13.3% of sales to 11.0% 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.

J M Computing Limited

DIRECTORS' REPORT

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 (2010 - £nil). No final dividend is proposed (2010 - £nil). The profit of £736,676 (2010 - £760,160) 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

15 September 2011

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 2011 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

15/9/11
City Tower
Piccadilly Plaza
Manchester
M1 4BT

J M Computing Limited

PROFIT AND LOSS ACCOUNT

for the year ended 30 June 2011

	<i>Notes</i>	2011 £	2010 £
TURNOVER	1	8,909,517	7,687,404
Cost of sales		<u>(3,111,838)</u>	<u>(2,356,536)</u>
Gross profit		5,797,679	5,330,868
Administrative expenses		<u>(4,813,610)</u>	<u>(4,302,060)</u>
OPERATING PROFIT	2	984,069	1,028,808
Interest receivable and similar income	5	-	510
		<u>984,069</u>	<u>1,029,318</u>
Interest payable	6	-	(3,458)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>984,069</u>	<u>1,025,860</u>
Taxation	7	(247,393)	(265,700)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	15	<u><u>736,676</u></u>	<u><u>760,160</u></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 2011

	<i>Notes</i>	2011 £	2010 £
FIXED ASSETS			
Tangible assets	9	150,731	174,054
CURRENT ASSETS			
Stocks	10	111,962	184,249
Debtors	11	3,966,512	2,962,114
Cash at bank and in hand		1,331,946	1,322,730
		<u>5,410,420</u>	<u>4,469,093</u>
CREDITORS			
Amounts falling due within one year	12	(3,239,636)	(3,038,308)
NET CURRENT ASSETS		<u>2,170,784</u>	<u>1,430,785</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		2,321,515	1,604,839
CREDITORS Amounts falling due after more than one year	13	(40,000)	(60,000)
		<u>2,281,515</u>	<u>1,544,839</u>
CAPITAL AND RESERVES			
Called up equity share capital	14	10,000	10,000
Profit and loss account	15	2,271,515	1,534,839
SHAREHOLDERS' FUNDS	16	<u>2,281,515</u>	<u>1,544,839</u>

These financial statements were approved by the directors, authorised for issue on 15th September 2011 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 2011

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. There were no amounts outstanding at the year end

J M Computing Limited

ACCOUNTING POLICIES

for the year ended 30 June 2011

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 2011

1	TURNOVER	2011 £	2010 £
	An analysis of turnover which is all attributable to the company's principal activity is given below		
	United Kingdom & Eire	<u>8,909,517</u>	<u>7,687,404</u>
2	OPERATING PROFIT		
	Operating profit is stated after charging		
		2011 £	2010 £
	Loss on disposal of tangible fixed assets	16,245	3,063
	Depreciation – owned assets	98,500	122,835
	Rentals under operating leases		
	Land & buildings	200,000	200,000
	Other	140,823	134,908
	Auditors Remuneration – audit	14,000	13,500
	- other services	<u>4,100</u>	<u>3,655</u>
3	EMPLOYEES	2011 No	2010 No
	The average monthly number of persons (including directors) employed by the group during the year was		
	Management	8	8
	Technical	46	41
	Sales and distribution	10	9
	Administration	15	14
		<u>79</u>	<u>72</u>
		2011 £	2010 £
	Staff costs for above persons		
	Wages and salaries	3,103,232	2,770,816
	Social security costs	373,816	328,886
	Pension costs	103,144	96,391
		<u>3,580,192</u>	<u>3,196,093</u>
4	DIRECTORS' EMOLUMENTS	2011 £	2010 £
	The directors' aggregate emoluments in respect of qualifying services were		
	Aggregate emoluments	700,039	615,004
	Company contributions to a money purchase pension scheme	43,642	42,855
		<u>743,681</u>	<u>657,859</u>

J M Computing Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2011

4 DIRECTORS' EMOLUMENTS (continued)

Pension benefits are accruing to eight directors (2010 – eight) under a money purchase pension scheme

	2011 £	2010 £
Remuneration of highest paid director		
Aggregate emoluments	130,512	102,499
Company contributions to a money purchase pension scheme	10,896	10,700
	<u>141,408</u>	<u>113,199</u>

5 INTEREST RECEIVABLE

	2011 £	2010 £
Bank credit interest	-	-
Interest on overpaid taxation	-	510
	<u>-</u>	<u>510</u>

6 INTEREST PAYABLE

	2011 £	2010 £
Interest on underpaid taxation	-	3,458
	<u>-</u>	<u>3,458</u>

7 TAXATION

	2011 £	2010 £
Current tax		
UK corporation tax at 27.5% (2010 – 28%) based on the profit for the period	247,393	262,760
Adjustment in respect of prior years	-	3,912
Total current tax	<u>247,393</u>	<u>266,672</u>
Deferred tax	-	(972)
Total tax on profit on ordinary activities	<u>247,393</u>	<u>265,700</u>

J M Computing Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2011

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 27.5% (2010- 28%) The differences are explained below

Factors affecting tax charge for period	2011 £	2010 £
Profit on ordinary activities before taxation	984,069	1,025,860
Profit on ordinary activities multiplied by the standard rate of tax at 27.5% (2010 28%)	270,619	287,241
Expenses not deductible for tax purposes	5,318	7,309
Capital allowances in excess of depreciation	(7,376)	(4,304)
Prior period adjustments	-	3,912
Group relief claimed	(20,575)	(27,486)
Other tax adjustments	(593)	-
	<u>247,393</u>	<u>266,672</u>

8 DIVIDENDS

	2011 £	2010 £
Equity dividends on 10,000 ordinary £1 shares		
Interim paid - £nil per ordinary share (2010- £nil)	-	-

9 TANGIBLE FIXED ASSETS

	Leasehold Improvements £	Computer Equipment £	Fixtures, fittings and equipment £	Vehicles £	Total £
Cost					
At 1 July 2010	42,410	669,659	99,681	30,309	842,059
Additions	9,753	68,354	7,109	6,362	91,578
Disposals	-	17,661	-	21,456	39,117
At 30 June 2011	<u>52,163</u>	<u>720,352</u>	<u>106,790</u>	<u>15,215</u>	<u>894,520</u>
Depreciation					
At 1 July 2010	29,847	554,581	77,124	6,453	668,005
Charged in the year	4,115	83,004	5,422	5,959	98,500
Disposals	-	16,694	-	6,022	22,716
At 30 June 2011	<u>33,962</u>	<u>620,891</u>	<u>82,546</u>	<u>6,390</u>	<u>743,789</u>
Net book value					
At 30 June 2011	<u>18,201</u>	<u>99,461</u>	<u>24,244</u>	<u>8,825</u>	<u>150,731</u>
At 30 June 2010	<u>12,563</u>	<u>115,078</u>	<u>22,557</u>	<u>23,856</u>	<u>174,054</u>

J M Computing Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2011

10	STOCKS		
		2011	2010
		£	£
	Raw materials and consumables	<u>111,962</u>	<u>184,249</u>

11	DEBTORS		
		2011	2010
		£	£
	Trade debtors	1,369,707	1,251,266
	Amounts owed by group undertakings	2,417,154	1,553,306
	Other debtors	155,090	132,981
	Deferred taxation	24,561	24,561
		<u>3,966,512</u>	<u>2,962,114</u>

Deferred tax asset

The deferred tax included in the balance sheet is as follows

		2011	2010
		£	£
	At 1 July 2010	23,721	23,589
	Movement in year	840	972
	At 30 June 2011	<u>24,561</u>	<u>24,561</u>

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

		2011	2010
		£	£
	Depreciation in excess of capital allowances	23,721	23,721
	Short term timing differences	840	840
	Losses and other deductions	-	-
	Deferred tax asset	<u>24,561</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 2011

12	CREDITORS Amounts falling due within one year		
		2011	2010
		£	£
	Trade creditors	489,074	545,078
	Amounts owed to group undertakings	100	100
	Other taxation and social security	496,431	388,481
	Corporation tax	113,393	115,104
	Deferred income	1,913,347	1,790,699
	Other creditors	190,603	167,099
	Accruals and deferred income	36,688	31,747
		<u>3,239,636</u>	<u>3,038,308</u>
13	CRFDITORS Amounts falling due after more than one year		
		2011	2010
		£	£
	Rent Accrual	<u>40,000</u>	<u>60,000</u>
14	SHARE CAPITAL		
		2011	2010
		£	£
	Allotted, called up and fully paid		
	10,000 (2010 - 10,000) Ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>
15	PROFIT AND LOSS ACCOUNT		
		2011	2010
		£	£
	At 1 July 2010	1,534,839	774,679
	Accumulated profit for the financial year	736,676	760,160
	At 30 June 2011	<u>2,271,515</u>	<u>1,534,839</u>
16	RECONCII IATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS		
		2011	2010
		£	£
	Profit for the financial year	736,676	760,160
	Opening shareholders' equity funds	1,544,839	784,679
	Closing shareholders' equity funds	<u>2,271,515</u>	<u>1,544,839</u>

J M Computing Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2011

17 COMMITMENTS UNDER OPERATING LEASES

	Land & buildings 2011 £	Land & buildings 2010 £	Other 2011 £	Other 2010 £
Leases which expire				
Within one year	-	-	32,426	18,224
Within two to five years	200,000	200,000	102,531	102,989
Over five years	-	-	-	-
	<u>200,000</u>	<u>200,000</u>	<u>134,957</u>	<u>121,213</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 2011 £735,121 were (2010 - £1,376,086)

The company is party to group VAT registration, the total liability at 30 June 2011 was £330,385 (2010 - £251,349)

19 PENSION COSTS

The company makes contributions to a defined contribution pension scheme for eligible employees. During the year contributions of £103,144 (2010 - £96,392) were made. At the end of the year there was £nil outstanding (2010 - £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 parties of the company are its directors by virtue of their respective interests 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.