

# J M Computing Limited

## FINANCIAL STATEMENTS

for the year ended

30 June 2013



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# J M Computing Limited

## OFFICERS AND PROFESSIONAL ADVISERS

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### 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 Bank  
53 King Street  
Manchester  
M60 2ES

# J M Computing Limited

## DIRECTORS' REPORT

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The directors submit their report and financial statements of J M Computing Limited for the year ended 30 June 2013

### **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.

The directors are pleased with the performance of the business over the reporting period, with turnover and profitability ahead of expectation. Turnover dipped slightly compared to the prior year period however this prior period did contain an exceptionally large one-off order that was very unlikely to be replicated in this reporting period. Taking this into account our sales performance was very pleasing and indicates that the initiatives we have implemented to drive growth are having the desired effect and we expect them to drive further growth in the coming financial year.

Demand for our services and solutions remained strong across our entire portfolio with our financial software, technology and IT support offerings all demonstrating growth.

Our Demand IT Platform technology offering continues to attract increasing attention from organisations looking for a secure, resilient, scalable and cost-effective IT system for their organisation. The platform has been fundamental to winning a substantial number of contracts, demonstrating it offers a competitive and appealing proposition. The platform has been positively received by organisations larger than our initial focus and consequentially we will be promoting the proposition to larger organisations over the coming financial year.

Following significant further investment in our SupportCare Incident Management System, the platform driving our sophisticated SupportCare IT support offering, and the extension of our operating hours to 24/7 we have seen a considerable increase in the number of clients signing up for our full managed services offering. With further significant investment planned for the coming year we have every expectation of building on our recent success. Client satisfaction survey responses remain very positive and we are experiencing a strong revenue retention performance. In a further boost to our ambitions we were named runners-up in the Best Managed Service Desk category of the Service Desk Institute's prestigious IT Service and Support Awards. Unheard of recognition for a business of our size.

Revenue generated from cloud-based propositions continues to gather pace albeit much more slowly than many industry leaders suggested it would. That said we have a sophisticated portfolio of cloud-based offerings and they are gaining traction with a 500% increase in turnover in the reporting period.

With attracting and retaining the highest quality employees key to offering consistently professional services, we were pleased to yet again to appear on The Sunday Times Top Small Businesses to Work for list and also to retain our Best Employer Award at the Salford Business Awards. The first intake for our Graduate and Apprentice Academy has completed its first years training and are now making a positive contribution to our performance. Our experience so far suggests that this approach will be a very effective way of continuing to grow our capacity and capability, in a market where skills are in short supply, and a further intake is planned for the coming financial year.

# J M Computing Limited

## DIRECTORS' REPORT

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### Future Prospects

It is noticeable that businesses are increasingly confident that the general economic climate is improving and this confidence is driving a willingness to invest to improve performance. We are confident that this growing positive sentiment coupled with the strength of our services and solutions portfolio will ensure another positive performance in the coming financial year.

As shown in the company's profit and loss account on page 6, sales have decreased by 1.3% over the prior year and profit before tax has increased by 0.4% from 10.3% of sales to 10.7% 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

Intra-group dividends of £3,546,080 were paid to jmc it Holdings Limited during the year (2012 - £nil). The profit of £773,345 (2012 - £731,679) 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

4 December 2013

# J M Computing Limited

## STATEMENT OF DIRECTORS' RESPONSIBILITIES

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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 2013 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

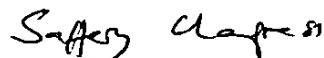
In our opinion the information given in the Directors Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### 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



For and on behalf of Saffery Champness

Chartered Accountants  
Statutory Auditors

10/12/13  
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City Tower  
Piccadilly Plaza  
Manchester  
M1 4BT

**J M Computing Limited**  
**PROFIT AND LOSS ACCOUNT**  
for the year ended 30 June 2013

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	<i>Notes</i>	2013 £	2012 £
TURNOVER	1	9,467,137	9,594,480
Cost of sales		<u>(2,999,093)</u>	<u>(3,371,397)</u>
Gross profit		6,468,044	6,223,083
Administrative expenses		<u>(5,461,980)</u>	<u>(5,230,583)</u>
OPERATING PROFIT	2	1,006,064	992,500
Interest receivable and similar income	5	3,336	-
Interest payable	6	-	-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>1,009,400</u>	<u>992,500</u>
Taxation	7	<u>(236,055)</u>	<u>(260,821)</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	14	<u>773,345</u>	<u>731,679</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

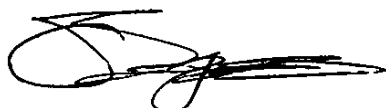
# J M Computing Limited

## BALANCE SHEET

As at 30 June 2013

	<i>Notes</i>	2013 £	2012 £
<b>FIXED ASSETS</b>			
Tangible assets	8	161,841	150,586
<b>CURRENT ASSETS</b>			
Stocks	9	160,857	102,697
Debtors	10	1,853,664	5,334,566
Cash at bank and in hand		<u>1,295,559</u>	<u>1,242,153</u>
		3,310,080	6,679,416
<b>CREDITORS</b>			
Amounts falling due within one year	11	<u>(3,231,462)</u>	<u>(3,796,808)</u>
<b>NET CURRENT ASSETS</b>		<u>78,618</u>	<u>2,882,608</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		240,459	3,033,194
<b>CREDITORS</b> Amounts falling due after more than one year	12	-	<u>(20,000)</u>
		<u>240,459</u>	<u>3,013,194</u>
<b>CAPITAL AND RESERVES</b>			
Called up equity share capital	13	10,000	10,000
Profit and loss account	14	<u>230,459</u>	<u>3,003,194</u>
<b>SHAREHOLDERS' FUNDS</b>	15	<u>240,459</u>	<u>3,013,194</u>

These financial statements were approved by the directors, authorised for issue on 4 December 2013 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 2013

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### 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
Fixtures, fittings and equipment	20% reducing balance
Vehicles	25% reducing balance
Bicycles	100% straight line

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.

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**J M Computing Limited**  
ACCOUNTING POLICIES  
for the year ended 30 June 2013

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**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 2013

1	TURNOVER	2013 £	2012 £
	An analysis of turnover which is all attributable to the company's principal activity is given below		
	United Kingdom & Eire	<u>9,467,137</u>	<u>9,594,480</u>
2	OPERATING PROFIT		
	Operating profit is stated after charging		
		2013 £	2012 £
	Loss on disposal of tangible fixed assets	964	4,358
	Depreciation – owned assets	103,095	91,332
	Rentals under operating leases		
	Land & buildings	200,000	200,000
	Other	160,190	160,716
	Auditors remuneration – audit	14,840	14,470
	- other services	<u>4,330</u>	<u>4,225</u>
3	EMPLOYEES	2013 No	2012 No
	The average monthly number of persons (including directors) employed by the group during the year was		
	Management	8	8
	Technical	52	49
	Sales and distribution	12	10
	Administration	16	16
		<u>88</u>	<u>83</u>
		2013 £	2012 £
	Staff costs for above persons		
	Wages and salaries	3,495,622	3,423,852
	Social security costs	425,766	428,286
	Pension costs	225,423	132,442
		<u>4,146,811</u>	<u>3,984,580</u>
4	DIRECTORS' EMOLUMENTS	2013 £	2012 £
	The directors' aggregate emoluments in respect of qualifying services were		
	Aggregate emoluments	843,584	739,754
	Company contributions to a money purchase pension scheme	71,267	44,923
		<u>914,851</u>	<u>784,677</u>

**J M Computing Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2013

4 DIRECTORS' EMOLUMENTS (continued)

Pension benefits are accruing to eight directors (2012 – eight) under a money purchase pension scheme

	2013 £	2012 £
Remuneration of highest paid director		
Aggregate emoluments	165,579	136,347
Company contributions to a money purchase pension scheme	11,663	11,205
	<u>177,242</u>	<u>147,552</u>

5 INTEREST RECEIVABLE

	2013 £	2012 £
Bank credit interest	3,336	-
Interest on overpaid taxation	-	-
	<u>3,336</u>	<u>-</u>

6 INTEREST PAYABLE

	2013 £	2012 £
Interest on underpaid taxation	<u>-</u>	<u>-</u>

7 TAXATION

	2013 £	2012 £
Current tax		
UK corporation tax at 23.75% (2012 – 25.5%) based on the profit for the period	229,742	247,657
Adjustment in respect of prior years	-	606
Total current tax	<u>229,742</u>	<u>248,263</u>
Deferred tax	6,313	12,558
Total tax on profit on ordinary activities	<u>236,055</u>	<u>260,821</u>

**J M Computing Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2013

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 23.75% (2012– 25.5%) The differences are explained below

Factors affecting tax charge for period	2013 £	2012 £
Profit on ordinary activities before taxation	1,009,400	992,500
Profit on ordinary activities multiplied by the standard rate of tax at 23.75% (2012 - 25.5%)	239,739	253,115
Expenses not deductible for tax purposes	2,654	4,055
Capital allowances in excess of depreciation	(2,174)	(5,696)
Other short term timing differences	(2,957)	2,920
Group relief claimed	(7,520)	(7,466)
Other tax adjustments	-	729
	<u>229,742</u>	<u>247,657</u>

8 TANGIBLE FIXED ASSETS

	Leasehold improvements £	Computer equipment £	Fixtures, fittings and equipment £	Vehicles £	Total £
<b>Cost</b>					
At 1 July 2012	55,330	759,131	109,036	16,789	940,286
Additions	-	102,044	3,327	10,352	115,723
Disposals	(166)	(86,239)	(12,380)	(7,936)	(106,721)
At 30 June 2013	<u>55,164</u>	<u>774,936</u>	<u>99,983</u>	<u>19,205</u>	<u>949,288</u>
<b>Depreciation</b>					
At 1 July 2012	38,283	652,876	87,614	10,927	789,700
Charged in the year	4,217	85,424	4,671	8,783	103,095
Disposals	(166)	(85,427)	(11,819)	(7,936)	(105,348)
At 30 June 2013	<u>42,334</u>	<u>652,873</u>	<u>80,466</u>	<u>11,774</u>	<u>787,447</u>
<b>Net book value</b>					
At 30 June 2013	<u>12,830</u>	<u>122,063</u>	<u>19,517</u>	<u>7,431</u>	<u>161,841</u>
At 30 June 2012	<u>17,047</u>	<u>106,255</u>	<u>21,422</u>	<u>5,862</u>	<u>150,586</u>

9 STOCKS

	2013 £	2012 £
Raw materials and consumables	<u>160,857</u>	<u>102,697</u>

**J M Computing Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2013

10 DEBTORS

	2013	2012
	£	£
Trade debtors	1,354,917	1,727,886
Amounts owed by group undertakings	274,000	3,418,050
Other debtors	219,057	176,627
Deferred taxation	5,690	12,003
	<u>1,853,664</u>	<u>5,334,566</u>

Deferred tax asset

The deferred tax included in the balance sheet is as follows

	2013	2012
	£	£
At 1 July 2012	12,003	24,561
Movement in year	(6,313)	(12,558)
At 30 June 2013	<u>5,690</u>	<u>12,003</u>

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

	2013	2012
	£	£
Depreciation in excess of capital allowances	5,250	8,535
Short term timing differences	440	3,468
Deferred tax asset	<u>5,690</u>	<u>12,003</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 2013

11	CREDITORS Amounts falling due within one year		
		2013	2012
		£	£
	Trade creditors	395,851	906,544
	Amounts owed to group undertakings	100	100
	Other taxation and social security	518,870	546,897
	Corporation tax	123,742	117,457
	Deferred income	2,000,918	1,938,532
	Other creditors	155,987	248,311
	Accruals and deferred income	35,994	38,967
		<u>3,231,462</u>	<u>3,796,808</u>
12	CREDITORS Amounts falling due after more than one year		
		2013	2012
		£	£
	Rent accrual	-	20,000
		<u>-</u>	<u>20,000</u>
13	SHARE CAPITAL		
		2013	2012
		£	£
	Allotted, called up and fully paid 10,000 (2012 - 10,000) Ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>
14	PROFIT AND LOSS ACCOUNT		
		2013	2012
		£	£
	At 1 July 2012	3,003,194	2,271,515
	Profit for the year after taxation	773,345	731,679
	Dividends paid	(3,546,080)	-
	At 30 June 2013	<u>230,459</u>	<u>3,003,194</u>
15	RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS		
		2013	2012
		£	£
	Profit for the year after taxation	773,345	731,679
	Dividends paid	(3,546,080)	-
	Opening shareholders' equity funds	<u>3,013,194</u>	<u>2,281,515</u>
	Closing shareholders' equity funds	<u>240,459</u>	<u>3,013,194</u>
	DIVIDENDS		
		2013	2012
		£	£
	Equity dividends on 10,000 ordinary £1 shares Final paid - £354 61 per ordinary share (2012- £nil)	<u>3,546,080</u>	<u>-</u>
	The intra-group dividends were paid on 20 June 2013 to jmc it Holdings Limited		

**J M Computing Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2013

**16 COMMITMENTS UNDER OPERATING LEASES**

	Land & buildings 2013 £	Land & buildings 2012 £	Other 2013 £	Other 2012 £
Leases which expire				
Within one year	-	-	21,302	6,223
Within two to five years	200,000	200,000	132,537	126,401
Over five years	-	-	-	-
	<u>200,000</u>	<u>200,000</u>	<u>153,839</u>	<u>132,624</u>

As at 30 June 2013 the aggregate commitments for land and buildings was £1,233,000 (2012 - £458,000) and for other leases was £352,860 (2012 - £314,031)

**17 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 2013 were £nil (2012 - £60,309)

The company is party to a group VAT registration, the total liability at 30 June 2013 was £338,033 (2012 - £357,234)

**18 PENSION COSTS**

The company makes contributions to a defined contribution pension scheme for eligible employees. During the year contributions of £225,423 (2012 - £132,442) were made. At the end of the year there was £nil outstanding (2012 - £12,541). The assets of the scheme are held in a separate trustee administered scheme.

**19 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.

**20 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.