

Registration number 01420136 (England and Wales)

Servo Computer Services Limited

Directors' Report and Financial Statements

for the Year Ended 31 March 2011



Servo Computer Services Limited
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Servo Computer Services Limited
Company Information

Directors	P Bertram S Clutton W Martin
Company secretary	W Martin
Registered office	Technology House Hunsbury Hill Avenue Northampton NN4 8QS
Auditor	Deloitte LLP Chartered Accountants and Registered Auditor London United Kingdom
Bankers	Royal Bank of Scotland 152 Silbury Boulevard Milton Keynes MK9 1LT

Servo Computer Services Limited
Directors' Report for the Year Ended 31 March 2011

The directors present their report and the financial statements for the year ended 31 March 2011

Principal activity

The Company did not trade in the current year

Business review

The results for the year and financial position of the Company are as shown in the annexed financial statements

On 12 August 2010 a capital reduction of the share premium and capital redemption reserve was completed and registered and the sum of £451,068 was consequently transferred from the share premium and capital redemption reserve to the profit and loss account reserve

Going concern

As the Company has ceased to trade, the financial statements have been prepared on a basis other than going concern

Dividends

There was no interim dividend (2010 £5,023.38 per share) on the Ordinary 10p shares paid during the year. The directors recommend that no final dividend be paid on these shares

The total distribution of dividends for the year ended 31 March 2011 was £nil (2010 £5,023,384)

Directors of the company

The directors who held office during the year and subsequently were as follows

N Robinson (resigned 28 July 2011)

P Bertram

S Clutton (appointed 1 March 2011)

W Martin - Company secretary and director

Directors' indemnities

The Company has made qualifying third party indemnity provisions for the benefit of its directors during the year which remain in force at the date of this report

Servo Computer Services Limited
Directors' Report for the Year Ended 31 March 2011

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Statement of directors' responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with 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 company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and 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.

Disclosure of information to the auditor

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and which they know the auditor is unaware of.

Reappointment of auditor

Deloitte LLP have indicated their willingness to be reappointed for another term and appropriate arrangements are being made for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

Approved by the Board on 28/03/11 and signed on its behalf by



W Martin
Company secretary and director

Independent Auditor's Report to the Members of Servo Computer Services Limited

We have audited the financial statements of Servo Computer Services Limited for the year ended 31 March 2011 which comprise the Balance Sheet, Profit and Loss account and the related notes 1 to 17. 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, the directors are responsible for the preparation of the company 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 company 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 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 annual report 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 company's affairs as at 31 March 2011 and of its 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.

Emphasis of matter

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements, which explains that the financial statements have been prepared on a basis other than that of a going concern.

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.

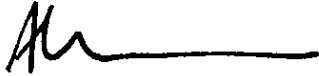
**Independent Auditor's Report to the Members of
Servo Computer Services Limited**

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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



Anthony Morris (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London
United Kingdom

Date *5 August 2011*

Servo Computer Services Limited
Profit and Loss Account for the Year Ended 31 March 2011

	Note	2011 £	2010 £
Turnover		-	-
Operating (loss)/profit	3	(12,430)	1,200
Loss on disposal of investment in subsidiaries	5	-	(4,251,726)
Income from shares in group undertakings	6	-	4,334,983
(Loss)/profit on ordinary activities before taxation		(12,430)	84,457
Tax on profit or loss on ordinary activities	7	-	-
(Loss)/profit for the financial year after taxation		(12,430)	84,457

DISCONTINUED OPERATIONS

All of the Company's activities are discontinued

TOTAL RECOGNISED GAINS AND LOSSES

The Company has no recognised gains or losses other than the profits for the current or prior year, accordingly no statement of total recognised gains and losses is presented

Servo Computer Services Limited
(Registration number: 01420136)
Balance Sheet at 31 March 2011

	Note	2011 £	2010 £
Fixed assets			
Tangible fixed assets	9	935,951	944,381
Creditors Amounts falling due within one year	10	(914,455)	(910,455)
Net assets		<u>21,496</u>	<u>33,926</u>
Capital and reserves			
Called up share capital	12	100	100
Share premium account	13	-	429,921
Capital redemption reserve	13	-	21,147
Capital reserve	13	33,826	33,826
Profit and loss account	13	(12,430)	(451,068)
		<u>21,496</u>	<u>33,926</u>

The financial statements of Servo Computer Services Limited (registered number 1420136) were approved by the Board and authorised for issue on ~~25.12.11~~ and signed on its behalf by


S Clutton
Director

Servo Computer Services Limited
Notes to the Financial Statements for the Year Ended 31 March 2011

1 Accounting policies

Basis of preparation

The financial statements have been prepared in accordance with UK applicable accounting standards. The particular accounting policies adopted, which have been applied consistently throughout the year and the preceding year, unless otherwise stated, are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Exemption from preparing a cash flow statement

The company is exempt from preparing a cash flow statement as 90% or more of the voting rights are held within the group.

Going concern

The Company has ceased to trade and, as required by FRS 18 Accounting Policies, the directors have prepared the financial statements on the basis that the Company is no longer a going concern. No material adjustments arose as a result of ceasing to apply the going concern basis.

Tangible fixed assets

Tangible fixed assets are stated at cost less any provision for impairment.

Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets, other than freehold land, by equal annual instalments over their expected useful lives. The period generally applicable is

Asset class	Depreciation method and rate
Freehold buildings	50 years

Investments

Fixed asset investments are stated at historical cost less provision for any diminution in value.

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred taxation is provided in full on timing differences which represent a liability at the balance sheet date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Leases

Operating lease rentals are charged to income in equal annual amounts over the lease term.

Servo Computer Services Limited

Notes to the Financial Statements for the Year Ended 31 March 2011

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2 Particulars of employees

There were no employees during the year, other than the directors (2010 none), and there were no staff costs in the year (2010 £nil)

None of the directors received remuneration for their services in respect of the Company (2010 £nil)

3 Operating profit / loss

Operating profit/loss is stated after charging

	2011 £	2010 £
Depreciation	(8,430)	(8,430)
Operating lease rentals - land and buildings	(115,225)	(115,237)
Other operating income/(charges)	111,225	124,867
Operating profit	<u>(12,430)</u>	<u>1,200</u>

4 Auditor's remuneration

	2011 £	2010 £
Fees payable to the Company's auditor for the audit of the Company's financial statements	4,000	4,000
Other fees to auditor		
Fees payable to the Company's auditor and their associates for other services to the Company - Tax services	<u>750</u>	<u>1,250</u>
	<u>4,750</u>	<u>5,250</u>

The audit fees have been met by Servo Limited, a fellow group undertaking

5 Loss on disposal of investment in subsidiary

In the prior year the Company disposed of its investments in On-site Support Services Limited, O S C Healthcare Limited and Computer Centre (Peterborough) Limited as these companies were dissolved. The transaction gave rise to a loss on disposal of £4,251,726.

6 Income from shares in group undertakings

Income from investments represents amounts distributed by On-site Support Services Limited, O S C Healthcare Limited and Computer Centre (Peterborough) Limited, all UK subsidiaries at the time of distribution.

Servo Computer Services Limited
Notes to the Financial Statements for the Year Ended 31 March 2011

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7 Taxation

Factors affecting current tax charge for the year

Tax on loss/profit on ordinary activities for the year is higher than (2010 - lower than) the standard rate of corporation tax in the UK of 28% (2010 - 28%)

The differences are reconciled below

	2011 £	2010 £
(Loss)/profit on ordinary activities before taxation	(12,430)	84,457
Corporation tax at standard rate	(3,480)	23,648
Non taxable dividend income	-	(1,213,795)
Expenses not deductible for tax purposes	2,360	1,190,147
Group relief claimed not paid for	7,517	(6,700)
Transfer pricing adjustments	(6,397)	6,700
Total current tax	-	-

Factors that may affect future tax charges

Corporation tax is calculated at 28% of the estimated assessable profit for the year. Based on current Government legislation the corporation tax will be calculated at 26% of assessable profit from 1 April 2011.

On 23rd March 2011 the Government announced that the main rate of Corporation Tax rate would reduce to 26% with effect from 1 April 2011, with subsequent 1% reductions per annum to reach 23% with effect from 1 April 2014. These tax rate reductions have been substantively enacted at the balance sheet date and therefore affects tax rates that deferred tax balance has been calculated.

8 Dividends

	2011 £	2010 £
Dividends paid		
Current year interim dividend paid	-	5,023,384

Servo Computer Services Limited

Notes to the Financial Statements for the Year Ended 31 March 2011

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9 Tangible fixed assets

	Freehold property £	Total £
Cost or valuation		
At 1 April 2010	<u>1,147,783</u>	<u>1,147,783</u>
Depreciation		
At 1 April 2010	203,402	203,402
Charge for the year	<u>8,430</u>	<u>8,430</u>
At 31 March 2011	<u>211,832</u>	<u>211,832</u>
Net book value		
At 31 March 2011	<u>935,951</u>	<u>935,951</u>
At 31 March 2010	<u>944,381</u>	<u>944,381</u>

Included in cost of freehold property is freehold land of £302,000 (2010 £302,000) which is not depreciated

Servo Computer Services Limited
Notes to the Financial Statements for the Year Ended 31 March 2011

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10 Creditors: Amounts falling due within one year

	2011 £	2010 £
Amounts owed to group undertakings	<u>914,455</u>	<u>910,455</u>

11 Commitments

Operating lease commitments

As at 31 March 2011 the company had annual commitments under non-cancellable operating leases as follows

Operating leases which expire

	2011 £	2010 £
Land and buildings		
Within one year	7,436	17,436
Within two and five years	<u>66,000</u>	<u>66,000</u>
	<u>73,436</u>	<u>83,436</u>

12 Share capital

Allotted, called up and fully paid shares

	2011 £	2010 £
1,000 Ordinary shares of 10p each	<u>100</u>	<u>100</u>
	<u>100</u>	<u>100</u>

13 Reserves

	Share premium account £	Capital redemption reserve £	Capital reserve £	Profit and loss account £	Total £
At 1 April 2010	429,921	21,147	33,826	(451,068)	33,826
Loss for the year	-	-	-	(12,430)	(12,430)
Capital reduction	<u>(429,921)</u>	<u>(21,147)</u>	<u>-</u>	<u>451,068</u>	<u>-</u>
At 31 March 2011	<u>-</u>	<u>-</u>	<u>33,826</u>	<u>(12,430)</u>	<u>21,396</u>

Servo Computer Services Limited

Notes to the Financial Statements for the Year Ended 31 March 2011

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14 Contingent liabilities

The Company has entered into an unlimited composite guarantee in favour of Royal Bank of Scotland on account of facilities granted to the ultimate parent company. The amount guaranteed is £70,000,000 (2010 - £66,000,000).

15 Related party transactions

The company has taken advantage of the exemption in FRS8 "Related Party Disclosures" from disclosing transactions with other members of the group.

16 Control

Servo Limited is the Company's immediate parent undertaking. The directors consider that the ultimate parent company and controlling party of this company is Phoenix IT Group plc.

The largest and smallest group of undertakings for which group accounts have been drawn up is that headed by Phoenix IT Group plc, a company incorporated in England and Wales. Copies of the financial statements are available from Companies House, Crown Way, Cardiff, CF14 3UZ.

17 Reconciliation of movement in shareholders' funds

	2011 £	2010 £
(Loss)/profit attributable to the members of the company	(12,430)	84,457
Dividends	-	(5,023,384)
Net reduction to shareholders' funds	(12,430)	(4,938,927)
Shareholders' funds at 1 April	33,926	4,972,853
Shareholders' funds at 31 March	21,496	33,926