

Registration number: SC076501 (Scotland)

ICM Computer Group (Scotland) Limited

Directors' Report and Financial Statements

for the Year Ended 31 March 2012

FRIDAY



A1E2S7EX

A18

27/07/2012

#162

COMPANIES HOUSE

ICM Computer Group (Scotland) Limited
Contents

Company Information	1
Directors' Report	2
Independent Auditor's Report	5
Profit and Loss Account	7
Balance Sheet	8
Notes to the Financial Statements	9

ICM Computer Group (Scotland) Limited
Company Information

Directors	A Granelli D Courtley
Company secretary	W Martin
Registered office	Phoenix House Technology Avenue Hamilton International Technology Park Glasgow G72 0HT
Auditor	Deloitte LLP Chartered Accountants and Statutory Auditor Birmingham United Kingdom
Bankers	Royal Bank of Scotland 152 Silbury Boulevard Milton Keynes MK9 1LT

ICM Computer Group (Scotland) Limited
Directors' Report for the Year Ended 31 March 2012

The directors present their report and the financial statements for the year ended 31 March 2012.

Principal activity

The principal activity of the company is the provision of computer solutions and the provision of support services for computer users.

Business review

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

The Company has a range of products and services aimed at increasing the operational availability of key IT Systems to mid-market and SME customers.

Turnover for the year was £552,000 (2011: £912,000). The decrease is due to some contracts and product sales being transferred to a fellow group company, Servo Limited. Operating loss was £2,308,000 (2011: profit of £754,000). During the year the Company waived its intercompany balance with ICM Computer Group Limited (its intermediate parent undertaking) resulting in an expense of £2,433,000. Excluding this, the operating profit was £125,000 for the year.

Net assets have decreased from £3,361,000 at 31 March 2011 to £1,020,000 at 31 March 2012, due to the write off of an intercompany balance.

Principal risks and uncertainties

There are a number of potential risks and uncertainties which could have a material impact on the Company's performance over the next financial year.

Macroeconomic risk

Whilst the Company has not seen a significant downturn in activity as a result of the economy, there remains a heightened risk of this occurring as long as the uncertainty in the UK economy continues with an increased number of business failures in the UK and a lengthening of the decision-making cycle between prospect and contract. For the Company this risk is mitigated by the high proportion of long-term contracted annuity business and stringent working capital and cash management.

Competitor risk

The IT services industry is highly competitive. Competitors may have longer operating histories, higher brand recognition and greater financial, technical, marketing, personnel and other resources than the Company. The Company's competitors have, and other potential competitors may have, well established relationships with current and potential customers of the Company. As a result, these competitors may be able to respond more quickly to new or emerging technology and changes in customer requirements, or to devote greater resources to the development, promotion and sale of their services, than the Company. Increased competition could lead to the loss of market share, loss of material contracts, renegotiation of price levels or a general reduction in revenues of the Company.

ICM Computer Group (Scotland) Limited
Directors' Report for the Year Ended 31 March 2012

..... *continued*

Going concern

The Company is subject to a number of risks and uncertainties which arise as a result of the current economic environment. In determining that the Company is a going concern, these risks, the most significant of which are described above, have been considered by the directors, who have determined that currently they do not represent a significant threat to the Company.

The Company is reliant on its ultimate parent company Phoenix IT Group plc to support the recoverability of its intercompany debtors. After making enquiries and receiving written confirmation from the group regarding the necessary financial support to the Company, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Further details regarding the adoption of the going concern basis can be found in the accounting policies in the financial statements.

Financial risk management

The Company's activities expose it to a number of financial risks. The detail of these and how they are managed are set out below.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company monitors its credit exposures to its counterparties via their credit rating, where applicable, or through other publicly available financial information and its own trading records.

The Company does not have any significant credit risk exposure to any single counterparty or group of counterparties having similar characteristics. The Company defines counterparties as having similar characteristics if they are connected entities. Concentration of credit risk with respect to trade receivables is limited due to the Company's customer base being large and unrelated. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-rating assigned by international credit rating agencies.

Liquidity risk

The Company manages its liquidity requirements by maintaining adequate reserves and banking facilities by continuously monitoring forecast and actual cash flows. All borrowing is agreed and monitored by the directors. The bank loan facility, on which this Company is party to the cross-guarantee, is held by Phoenix IT Group plc, the ultimate parent company.

Directors of the company

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

A Granelli

P Bertram (resigned 1 October 2011)

N Robinson (resigned 28 July 2011)

S Clutton (resigned 25 May 2012)

D Courtley (appointed 1 August 2011)

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.

ICM Computer Group (Scotland) Limited
Directors' Report for the Year Ended 31 March 2012

..... *continued*

Directors' responsibilities statement

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; and
- 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.

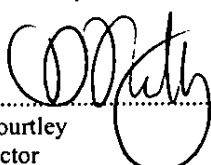
This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

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.

The Directors' Report has been prepared in accordance with the special provisions in Part 15 of the Companies Act 2006 relating to medium-sized companies.

Approved by the Board on 21/7/12 and signed on its behalf by:


.....
D Courtley
Director

Independent Auditor's Report to the Members of ICM Computer Group (Scotland) Limited

We have audited the financial statements of ICM Computer Group (Scotland) Limited for the year ended 31 March 2012 which comprise the Profit and Loss Account, Balance Sheet and the related notes 1 to 16. 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 2012 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.

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.

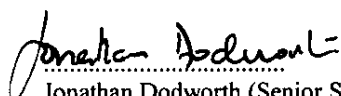
**Independent Auditor's Report to the Members of
ICM Computer Group (Scotland) Limited**

..... continued

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.



Jonathan Dodworth (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Birmingham
United Kingdom

Date: *25 July 2012*

ICM Computer Group (Scotland) Limited
Profit and Loss Account for the Year Ended 31 March 2012

	Note	2012 £ 000	2011 £ 000
Turnover	2	<u>552</u>	<u>912</u>
Operating (loss)/profit	3	(2,308)	754
Interest payable and similar charges		<u>(1)</u>	<u>-</u>
(Loss)/profit on ordinary activities before taxation		(2,309)	754
Tax on profit or loss on ordinary activities	6	<u>(32)</u>	<u>(7)</u>
(Loss)/profit for the financial year after taxation		<u><u>(2,341)</u></u>	<u><u>747</u></u>

CONTINUING OPERATIONS

All of the company's activities relate to continuing operations.

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses for the year other than the results above.

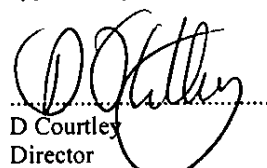
ICM Computer Group (Scotland) Limited

(Registration number: SC076501)

Balance Sheet at 31 March 2012

	Note	2012 £ 000	2011 £ 000
Current assets			
Debtors	9	906	3,473
Cash at bank and in hand		<u>361</u>	<u>136</u>
		1,267	3,609
Creditors: Amounts falling due within one year	10	<u>(247)</u>	<u>(248)</u>
Net assets		<u>1,020</u>	<u>3,361</u>
Capital and reserves			
Called up share capital	11	107	107
Capital redemption reserve	13	3	3
Profit and loss account	13	<u>910</u>	<u>3,251</u>
		<u>1,020</u>	<u>3,361</u>

The financial statements of ICM Computer Group (Scotland) Limited (registered number SC076501) were approved by the Board and authorised for issue on 15/7/12 and signed on its behalf by:


.....
D Courtley
Director

ICM Computer Group (Scotland) Limited
Notes to the Financial Statements for the Year Ended 31 March 2012

1 Accounting policies

Basis of preparation

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

The financial statements have been 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's business activities, together with the factors likely to affect its future development and position, are set out in the Directors' Report.

The Company is reliant on its ultimate parent company Phoenix IT Group plc to support the recoverability of its intercompany debtors. The directors of the Company have written confirmation from Phoenix IT Group plc that it will continue to provide the necessary financial support to the Company for a period of no less than 12 months from the date of approval of these financial statements.

The Company is subject to a number of risks and uncertainties which are described in the Directors' Report. In determining that the Company is a going concern these risks have been considered by the directors and budgets have been prepared which take into account reasonably possible changes in trading activity or to the Company's liquidity position. These budgets cover a period of more than twelve months from the date of approval of these financial statements.

After reviewing the financial projections referred to above, the availability of group support and the facilities available, the directors consider that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis of accounting in preparing the financial statements.

ICM Computer Group (Scotland) Limited

Notes to the Financial Statements for the Year Ended 31 March 2012

..... *continued*

Turnover

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales-related taxes.

Product

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of goods.

Other contract revenues

Other contract revenues are recorded according to the stage of completion of the contract by reference to the value of work performed.

The amount by which revenue differs from payments on account is shown under receivables as accrued income, or under payables as deferred revenue, as appropriate.

Provision is made for all anticipated contract losses as soon as they are identified.

Where a contract contains several service elements, the individual elements are accounted for separately at fair value.

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 by equal annual instalments over their expected useful lives. The periods generally applicable are:

Asset class	Depreciation method and rate
Fixtures and fittings	4 - 10 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 tax 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 as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Leases

Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

ICM Computer Group (Scotland) Limited

Notes to the Financial Statements for the Year Ended 31 March 2012

..... continued

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Where shares are issued, any component that creates a financial liability of the company is presented as a liability in the balance sheet. The corresponding dividends relating to the liability component are charged as interest expense in the profit and loss account.

Pensions

The company operates a defined contribution pension scheme. Contributions payable for the year are charged to the profit and loss account.

2 Turnover

The whole of turnover is attributable to the principal activity of the Company and arises from customers within the United Kingdom.

3 Operating (loss) / profit

Operating (loss)/profit is stated after charging:

	2012 £ 000	2011 £ 000
Turnover	552	912
Staff costs	(82)	(104)
Depreciation	-	(2)
Write down of inter company balance in parent company	(2,433)	-
Operating lease rentals - land and buildings	(450)	(450)
Other operating income	105	398
Operating (loss)/profit	<u>(2,308)</u>	<u>754</u>

During the year, the Company waived its inter company balance with ICM Computer Group Limited (the Company's intermediate parent undertaking) resulting in an expense of £2,433,000.

ICM Computer Group (Scotland) Limited

Notes to the Financial Statements for the Year Ended 31 March 2012

..... continued

4 Auditor's remuneration

	2012 £ 000	2011 £ 000
Fees payable to the Company's auditor for the audit of the Company's financial statements	<u>2</u>	<u>7</u>

5 Staff costs

The average number of persons employed by the company during the year, analysed by category was as follows:

	2012 No.	2011 No.
Distribution	<u>2</u>	<u>2</u>

The aggregate payroll costs were as follows:

	2012 £ 000	2011 £ 000
Wages and salaries	70	89
Social security costs	8	9
Staff pensions	<u>4</u>	<u>6</u>
	<u>82</u>	<u>104</u>

The directors were not remunerated for their services in this Company in the current or prior year.

ICM Computer Group (Scotland) Limited

Notes to the Financial Statements for the Year Ended 31 March 2012

..... continued

6 Taxation

Tax on loss/profit on ordinary activities

	2012 £ 000	2011 £ 000
Current tax		
Corporation tax charge	5	6
Adjustments in respect of previous years	26	-
UK Corporation tax	31	6
Deferred tax		
Origination and reversal of timing differences	1	1
Total tax on loss/profit on ordinary activities	32	7

Factors affecting current tax charge for the year

Tax on loss/profit on ordinary activities for the year is higher than (2011 - lower than) the standard rate of corporation tax in the UK of 20% (2011 - 21%).

The differences are reconciled below:

	2012 £ 000	2011 £ 000
(Loss)/profit on ordinary activities before taxation	(2,309)	754
Corporation tax at standard rate	(462)	158
Expenses not deductible for tax purposes	486	-
Adjustments in respect of prior periods	26	-
Group relief claimed not paid for	(41)	(168)
Transfer pricing adjustments	22	16
Total current tax	31	6

ICM Computer Group (Scotland) Limited

Notes to the Financial Statements for the Year Ended 31 March 2012

..... continued

7 Tangible fixed assets

	Fixtures and fittings £ 000	Total £ 000
Cost or valuation		
At 1 April 2011 and 31 March 2012	473	473
Depreciation		
At 1 April 2011 and 31 March 2012	<u>473</u>	<u>473</u>
Net book value		
At 31 March 2012	<u>-</u>	<u>-</u>
At 31 March 2011	<u>-</u>	<u>-</u>

ICM Computer Group (Scotland) Limited

Notes to the Financial Statements for the Year Ended 31 March 2012

..... continued

8 Investments held as fixed assets

Details of undertakings

At 31 March 2012 the Company held directly 100% of the allotted share capital of the following undertaking:

Subsidiary undertaking (registered in England and Wales)	Holding	Proportion of voting rights and shares held	Principal activity
Criffel Micro Business Systems Limited	Ordinary A	100%	Dormant

9 Debtors

	2012 £ 000	2011 £ 000
Amounts owed by group undertakings	903	3,467
Deferred tax	3	4
Prepayments and accrued income	-	2
	<u>906</u>	<u>3,473</u>

Deferred tax

The movement in the deferred tax asset in the year is as follows:

	£ 000
At 1 April 2011	4
Deferred tax charged to the profit and loss account	<u>(1)</u>
At 31 March 2012	<u>3</u>

Analysis of deferred tax

	2012 £ 000	2011 £ 000
Difference between accumulated depreciation and amortisation and capital allowances	<u>3</u>	<u>4</u>
	<u>3</u>	<u>4</u>

ICM Computer Group (Scotland) Limited

Notes to the Financial Statements for the Year Ended 31 March 2012

..... continued

10 Creditors: Amounts falling due within one year

	2012 £ 000	2011 £ 000
Trade creditors	1	13
Amounts owed to group undertakings	27	-
Corporation tax	11	11
Accruals and deferred income	208	224
	<u>247</u>	<u>248</u>

11 Share capital

Allotted, called up and fully paid shares

	2012 £ 000	2011 £ 000
100,000 Ordinary shares of £1 each	100	100
7,480 Non-voting shares of £1 each	7	7
	<u>107</u>	<u>107</u>

ICM Computer Group (Scotland) Limited

Notes to the Financial Statements for the Year Ended 31 March 2012

..... continued

12 Reconciliation of movement in shareholders' funds

	2012 £ 000	2011 £ 000
(Loss)/profit attributable to the members of the company	(2,341)	747
Net (reduction)/addition to shareholders' funds	(2,341)	747
Shareholders' funds at 1 April	3,361	2,614
Shareholders' funds at 31 March	1,020	3,361

13 Reserves

	Capital redemption reserve £ 000	Profit and loss account £ 000	Total £ 000
At 1 April 2011	3	3,251	3,254
Loss for the year	-	(2,341)	(2,341)
At 31 March 2012	3	910	913

14 Commitments

Operating lease commitments

As at 31 March 2012 the company had annual commitments under non-cancellable operating leases as follows:

	2012 £ 000	2011 £ 000
Land and buildings		
Over five years	450	450

Pension commitments

The Company contributes to a Group personal pension plan in respect of certain employees. The assets of the scheme are held separately from those of the Company in an independently administered fund. The charge for the year was £4,000 (2011: £6,000). Outstanding contributions at 31 March 2012 were £1,000 (2011: £1,000) and are included in other creditors on the balance sheet of Phoenix IT Services Limited, a fellow group undertaking. Phoenix IT Services Limited administers the pension scheme payments on the Company's behalf.

ICM Computer Group (Scotland) Limited

Notes to the Financial Statements for the Year Ended 31 March 2012

..... continued

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 related 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.