

Report of the Directors and
Financial Statements for the Year Ended 31 March 2008
for
Criffel Micro Business Systems Limited

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for the Year Ended 31 March 2008

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Criffel Micro Business Systems Limited

Company Information
for the Year Ended 31 March 2008

DIRECTORS:

D A Simpson
M Farrow

SECRETARY:

W Martin

REGISTERED OFFICE:

Monreith House
Crichton Business Park
Dumfries
DG1 1ZY

REGISTERED NUMBER:

SC093413 (Scotland)

AUDITORS:

Deloitte LLP
Chartered Accountants and Registered Auditors
London
United Kingdom

BANKERS:

Royal Bank of Scotland
152 Silbury Boulevard
Milton Keynes
MK9 1LT

Criffel Micro Business Systems Limited

Report of the Directors **for the Year Ended 31 March 2008**

The directors present their report with the financial statements of the company for the year ended 31 March 2008.

PRINCIPAL ACTIVITY

The company did not trade in the current year. The principal activity of the company in the prior year was that of the provision of IT services and systems.

Following the year end the company embarked on a restructuring programme which included the transfer of the assets and liabilities of the company to ICM Computer Group (Scotland) Limited on 1 October 2008; accordingly the financial statements have been prepared on a basis other than going concern.

REVIEW OF BUSINESS

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

The company is a wholly owned subsidiary of Phoenix IT Group plc, through its immediate parent company ICM Computer Group (Scotland) Limited. The company did not trade during the year. Contracts held within the company have been novated to the immediate parent company. Any expenses have been met by Servo Computer Services Limited.

DIVIDENDS

No dividends will be distributed for the year ended 31 March 2008 (2007: nil).

DIRECTORS

The directors during the year were:

N J Robinson
D A Simpson
M Farrow

- resigned 19/12/2007

DIRECTORS' INDEMNITIES

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

POST BALANCE SHEET EVENTS

Details of events after the balance sheet date can be found in note 18 to the financial statements.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing 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). 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:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed; and
- 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 which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. 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.

Criffel Micro Business Systems Limited

Report of the Directors - continued
for the Year Ended 31 March 2008

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who is a director at the date of approval of this report confirms that:

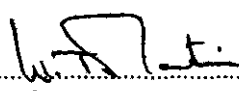
- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware;
- the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

AUDITORS

The auditors, Deloitte LLP, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD:


.....
W Martin - Secretary

Date: 23 January 2009

Report of the Independent Auditors to the Shareholders of
Criffel Micro Business Systems Limited

We have audited the financial statements of Criffel Micro Business Systems Limited for the year ended 31 March 2008 which comprise the Profit and Loss Account, the Balance Sheet, and the related notes 1 to 18. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 auditors' 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 auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out on pages two and three.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Report of the Directors is consistent with the financial statements.

In addition, we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Report of the Directors and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.


Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2008 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Report of the Directors is consistent with the financial statements.

Emphasis of matter – Financial statements prepared on a basis other than that of a going concern

In forming our opinion on the financial statements, which is not qualified, 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.


Deloitte LLP
Chartered Accountants and Registered Auditors
London
United Kingdom

Date: 28 January 2009

Criffel Micro Business Systems Limited

Profit and Loss Account
for the Year Ended 31 March 2008

	Notes	2008 £	2007 £
TURNOVER	2	-	953,113
Cost of sales		-	(194,872)
GROSS PROFIT		-	758,241
Distribution costs		-	(364,693)
Administrative expenses		-	(154,073)
OPERATING PROFIT	4	-	239,475
Interest receivable and similar income		-	531
		-	240,006
Interest payable and similar charges	5	-	(2,511)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		-	237,495
Tax on profit on ordinary activities	6	55,655	(73,159)
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		<u>55,655</u>	<u>164,336</u>

DISCONTINUED OPERATIONS

All of the company's activities were discontinued on the first day of the current year.

TOTAL RECOGNISED GAINS AND LOSSES

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


Criffel Micro Business Systems Limited

Balance Sheet

31 March 2008

	Notes	2008 £	2007 £
CURRENT ASSETS			
Debtors	7	1,102,078	1,241,567
CREDITORS			
Amounts falling due within one year	8	-	(69,050)
NET CURRENT ASSETS		<u>1,102,078</u>	<u>1,172,517</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		1,102,078	1,172,517
DEFERRED INCOME	10	-	(126,094)
NET ASSETS		<u>1,102,078</u>	<u>1,046,423</u>
CAPITAL AND RESERVES			
Called up share capital	12	10,100	10,100
Profit and loss account	13	<u>1,091,978</u>	<u>1,036,323</u>
SHAREHOLDERS' FUNDS	17	<u>1,102,078</u>	<u>1,046,423</u>

The financial statements were approved by the Board of Directors and authorised for issue on 23 January 2009 and were signed on its behalf by:


.....
D A Simpson - Director

Notes to the Financial Statements
for the Year Ended 31 March 2008

1. ACCOUNTING POLICIES

Basis of preparing the financial statements

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

The company ceased to trade on 1 October 2008. The financial statements have therefore been prepared 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.

Accounting convention

The financial statements are prepared under the historical cost convention.

In accordance with Financial Reporting Standard 1 (Revised), the company has not presented a cash flow statement as more than 90% of its voting rights are controlled within the group and the consolidated financial statements in which the results of the company are included are publicly available.

Turnover

Turnover is the total amount receivable by the company for services provided and goods supplied, excluding VAT.

For service contracts which are invoiced in advance, the income arising is spread evenly over the term of the contract. Costs incurred under these contracts are charged to the profit and loss account as they arise.

Taxation

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

Hire purchase and leasing commitments

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

Pensions

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

2. TURNOVER

Turnover derives primarily from the company's principal activity in the United Kingdom.

3. STAFF COSTS

	2008	2007
	£	£
Wages and salaries	-	370,750
Social security costs	-	37,603
Other pension costs	-	3,692
	<u>-</u>	<u>412,045</u>

Criffel Micro Business Systems Limited

Notes to the Financial Statements - continued
for the Year Ended 31 March 2008

3. STAFF COSTS continued

The average monthly number of employees during the year was as follows:

	2008	2007
Distribution	-	10
Administration	-	5
	<u>-</u>	<u>15</u>

None of the directors received remuneration for their services in respect of the company (2007: £nil).

4. OPERATING PROFIT

The operating profit is stated after charging:

	2008 £	2007 £
Operating lease charge re land and buildings	-	33,209
Operating lease charge re plant and machinery	-	30,348
	<u>-</u>	<u>63,557</u>

	2008 £	2007 £
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Analysis of auditors' remuneration is as follows:

Fees payable to the company's auditor for the audit of the company's financial statements	5,000	5,000
Fees payable to the company's auditor and their associates for other services to the company		
- Tax services	<u>1,048</u>	<u>2,500</u>

Any expenses, including audit fees, have been met by the subsidiary company, Servo Computer Services Limited.

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2008 £	2007 £
Other interest	-	<u>2,511</u>

6. TAXATION

Analysis of the tax charge

The tax charge on the profit on ordinary activities for the year was as follows:

	2008 £	2007 £
Current tax:		
UK corporation tax	4,000	71,100
Adjustments in respect of prior periods	<u>(64,440)</u>	<u>465</u>
Total current tax	<u>(60,440)</u>	<u>71,565</u>
Deferred tax:		
Origination and reversal of timing differences	4,466	1,594
Change in tax rate	<u>319</u>	<u>-</u>
Total deferred tax	<u>4,785</u>	<u>1,594</u>
Tax on profit on ordinary activities	<u>(55,655)</u>	<u>73,159</u>

Criffel Micro Business Systems Limited

Notes to the Financial Statements - continued
for the Year Ended 31 March 2008

6. TAXATION continued

Factors affecting the tax charge

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2008 £	2007 £
Profit on ordinary activities before tax	-	237,495
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 0% (2007 - 30%)	-	71,100
Effects of:		
Expenses not deductible for tax purposes	-	1,594
Capital allowances for period in excess of depreciation	(4,785)	(1,594)
Group relief	(11,110)	-
Transfer pricing adjustments	19,895	-
Adjustments in respect of prior years	(64,440)	465
Current tax charge	(60,440)	71,565

Corporation tax is calculated at 30% of the estimated assessable profit for the year. Based on future Government legislation the Corporation tax will be calculated at 28% of assessable profit from 1 April 2008.

7. DEBTORS

	2008 £	2007 £
Trade debtors	-	368,101
Amounts owed by group undertakings	1,061,063	866,201
Corporation tax	41,015	-
Deferred tax asset (Note 11)	-	4,785
Prepayments and accrued income	-	2,480
	<u>1,102,078</u>	<u>1,241,567</u>

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2008 £	2007 £
Corporation tax	-	69,050
	<u>-</u>	<u>69,050</u>

Criffel Micro Business Systems Limited

Notes to the Financial Statements - continued
for the Year Ended 31 March 2008

9. OPERATING LEASE COMMITMENTS

At 31 March 2008 the company had the following annual commitments under non-cancellable operating leases:

	2008		2007	
	Land and buildings £	Other £	Land and buildings £	Other £
Operating leases which expire:				
Within one year	-	-	71,186	10,618
In the second to fifth years inclusive	-	-	-	16,254
After five years	-	-	-	-
	<u>-</u>	<u>-</u>	<u>71,186</u>	<u>26,872</u>

10. DEFERRED INCOME

	2008 £	2007 £
Deferred income < 1 year	-	124,172
Deferred income > 1 year	-	<u>1,922</u>
	<u>-</u>	<u>126,094</u>

11. DEFERRED TAX ASSET

	Deferred tax £
Balance at 1 April 2007	4,785
Charge to the profit and loss account	<u>(4,785)</u>
Balance at 31 March 2008	<u>-</u>

The deferred tax asset relates entirely to accelerated capital allowances.

12. CALLED UP SHARE CAPITAL

Authorised:			2008	2007
Number:	Class:	Nominal value:	£	£
50,000	Ordinary A	£1	50,000	50,000
5,000	Ordinary B	£1	<u>5,000</u>	<u>5,000</u>
			<u>55,000</u>	<u>55,000</u>
Allotted, issued and fully paid:			2008	2007
Number:	Class:	Nominal value:	£	£
10,000	Ordinary A	£1	10,000	10,000
100	Ordinary B	£1	<u>100</u>	<u>100</u>
			<u>10,100</u>	<u>10,100</u>

Criffel Micro Business Systems Limited

Notes to the Financial Statements - continued for the Year Ended 31 March 2008

12. CALLED UP SHARE CAPITAL continued

The B shares confer the same rights as the Ordinary shares and rank pari passu with the exception of:

- i) with effect from 1 January 2004, the profits derived from the software business are distributed in proportion to the amounts paid up on the B shares
- ii) the assets of the software business available for distribution among the members on liquidation or otherwise will be transferred to the holders of the B shares in proportion to the amounts paid up on the B shares
- iii) any profits which the company may distribute and/or any assets available for distribution or otherwise which derive from the activities of or relate to any part of the business other than the software business will be distributed amongst the holders of the Ordinary shares in proportion to their holdings of such shares.

13. RESERVES

	Profit and loss account £
At 1 April 2007	1,036,323
Deficit for the year	<u>55,655</u>
At 31 March 2008	<u>1,091,978</u>

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. At 31 March 2008, guarantees outstanding amounted to £103.3m (2007: £27.0m).

15. RELATED PARTY DISCLOSURES

The company has taken advantage of the exemptions conferred to it as a subsidiary undertaking of Phoenix IT Group plc by Financial Reporting Standard Number 8 - Related Party Disclosures (FRS 8). The company is therefore not required to disclose transactions with fellow group undertakings. There were no other transactions with related parties requiring disclosure under FRS 8.

16. ULTIMATE CONTROLLING PARTY

ICM Computer Group (Scotland) 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.

17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2008 £	2007 £
(Loss)/profit for the financial year	<u>55,655</u>	<u>164,336</u>
Net (reduction)/addition to shareholders' funds	55,655	164,336
Opening shareholders' funds	<u>1,046,423</u>	<u>882,087</u>
Closing shareholders' funds	<u>1,102,078</u>	<u>1,046,423</u>

Criffel Micro Business Systems Limited

Notes to the Financial Statements - continued
for the Year Ended 31 March 2008

18. POST BALANCE SHEET EVENTS

Details of the change in tax rate for future periods can be found in note 6 to the financial statements.

On 1 October 2008, the entire share capital of the company was sold by Servo Computer Services Limited to ICM Computer Group (Scotland) Limited, a fellow group company.

On 1 October 2008, the assets and liabilities of the company were transferred to ICM Computer Group (Scotland) Limited for consideration equal to the net assets transferred.