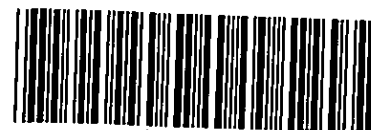


EMC Computer Systems (UK) Limited

Directors' Report and Financial Statements
Year ended 31 December 2012

MONDAY



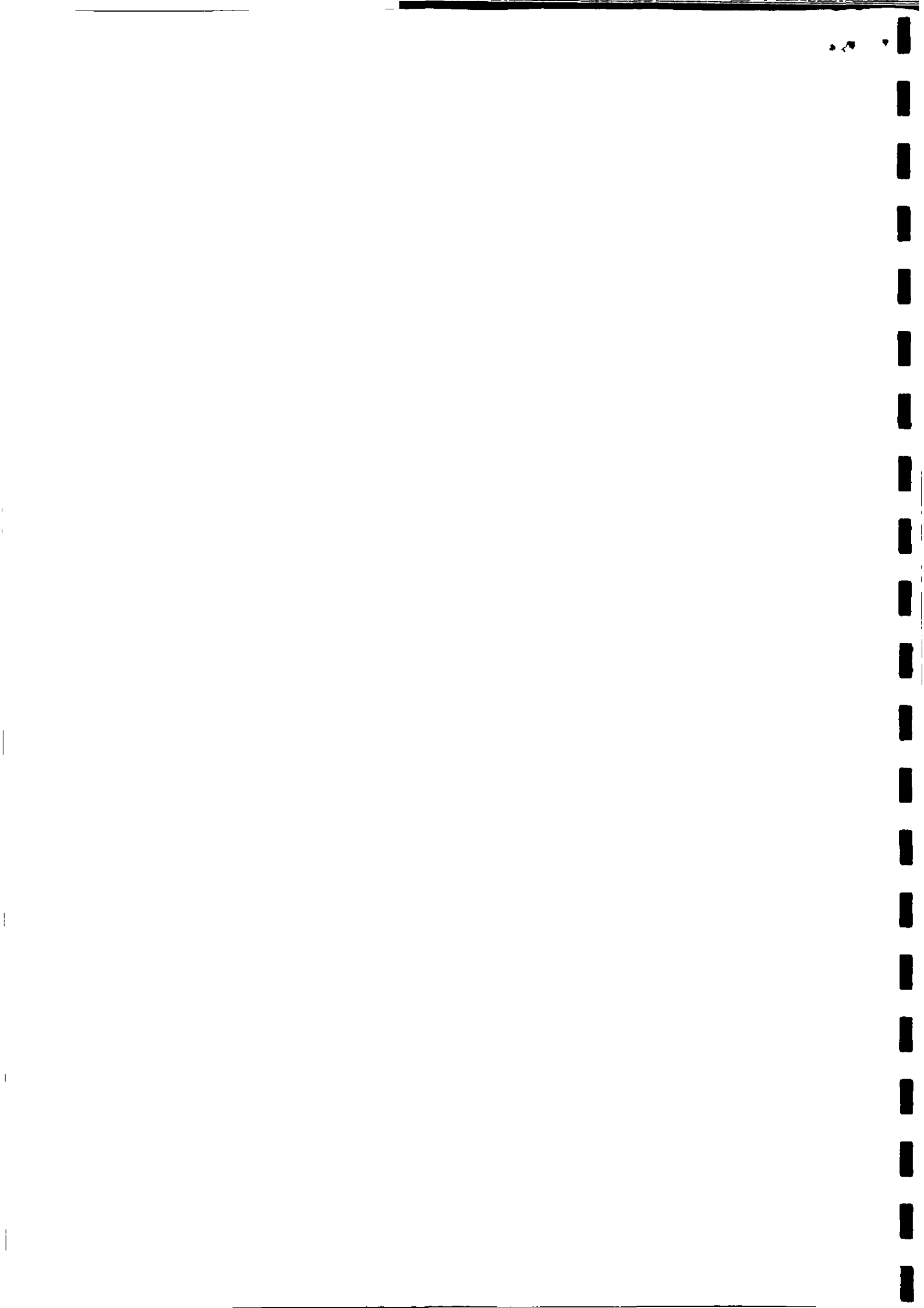
A2I069G

A19

30/09/2013

#205

COMPANIES HOUSE



EMC Computer Systems (UK) Limited

Directors' Report and Financial Statements for the Year Ended 31 December 2012

Contents	Pages
Directors and other information	1
Directors' report	2 - 4
Independent auditors report	5 - 6
Profit and loss account	7
Balance sheet	8
Notes to the financial statements	9 - 25

EMC Computer Systems (UK) Limited

Directors and other information

Board of directors at 24th Sept 2013

P T Dacier (U S)

W J Teuber Jr (U S)

Registered office

Herbert Smith
Level 1
Exchange House
Primrose Street
London
EC2A 2EG

Registered number: 2051360

Independent auditors

PricewaterhouseCoopers
Chartered Accountants and Statutory audit firm
1 South Mall
Cork
Ireland

Solicitors

Herbert Smith
Level 1
Exchange House
Primrose Street
London
EC2A 2EG

Bankers

Citibank N A
Citigroup Centre
Canary Wharf-33
London
E14 5LB

EMC Computer Systems (UK) Limited

Directors' Report For The Year Ended 31 December 2012 (Continued)

The directors present their report and the audited financial statements of EMC Computer Systems (UK) Limited ("the Company") for the year ended 31 December 2012

Principal activities

EMC's mission is to lead people and organizations on the journey to Hybrid Cloud Computing. Cloud Computing offers a dramatically more efficient computing model that helps transform IT from a cost center to a value-driver. EMC supports a broad range of customers around the world, in every major industry, in the public and private sectors, and of sizes ranging from the Fortune Global 500 to small-sized businesses.

EMC manages its business in two broad categories: EMC Information Infrastructure and VMware Virtual Infrastructure. As data centers move to a Cloud Computing model, managing information will be central to their operations. EMC Information Infrastructure provides a foundation for organizations to store, manage, protect, analyze and secure their vast and ever-increasing quantities of information, improve business agility, lower cost of ownership and enhance their competitive advantage within traditional data centers, virtual data centers and cloud-based IT infrastructures. Infrastructure for Cloud Computing is much more agile and efficient - this is achieved through virtualization. VMware Virtual Infrastructure, which is represented by EMC's majority equity stake in VMware, Inc. ("VMware"), is the leader in virtualization infrastructure solutions.

The Company earns revenue income which is recognised in the UK and recorded in "Turnover" for all sales except product and customer service software maintenance. The Company acts as a commissionaire for EMC Information Systems International in respect of product and customer service software maintenance sales and is compensated by receiving commissionaire income which is recorded in "Other operating income".

Results and dividends

The company's profit for the financial year was £5,485,000 (2011: £3,296,000). The directors recommend that this amount be included in the profit and loss account.

The directors do not recommend the payment of a dividend.

Review of business and future developments

Both the level of business and the year-end financial position were satisfactory, and the directors expect that the present level of activity will be sustained for the foreseeable future.

Financial Risk Management

Due to the nature of the Company's business arrangements, the directors believe that risk attributable to foreign exchange, interest rates, credit and cashflow are low. The ultimate parent company, EMC Corporation, has appropriate risk management programmes in place to manage any such risk that may arise.

Employees

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment continues and the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

Consultation with employees or their representatives has continued at all levels, with the aim of ensuring that their views are taken into account when decisions are made that are likely to affect their interests and that all employees are aware of the financial and economic performance of their business units and of the company as a whole. This is achieved principally through regular staff briefings using the company's management structure. In addition, the company operates a share-based incentive plan. The purpose of the plan is to motivate employees to contribute towards the creation of long-term shareholder value.

EMC Computer Systems (UK) Limited

Directors' Report For The Year Ended 31 December 2012 (Continued)

The health and safety of the company's employees and customers is of primary concern. It is therefore the policy of the company to manage its affairs so as to avoid unnecessary and unacceptable risks to the health and safety of its employees and customers.

Charitable donations

During the year, the Company has made donations to charitable organisations amounting to £6,540, (2011 £4,057)

Directors and their interests

The following directors held office during the year and up to the date of signing the accounts

P T Dacier
W J Teuber Jr

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). 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 those 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, subject to any material departures disclosed and explained in the financial statements,
- 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 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 responsible steps for the prevention and detection of fraud and other irregularities.

Post Balance Sheet Events

There were no significant events since the balance sheet date that require adjustment or disclosure in the financial statements.

Statement of disclosure of information to auditors

So far as each of the directors in office at the date of approval of these financial statements are aware

- there is no relevant audit information of which the company's auditors are unaware, and
- 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 the company's auditors are aware of that information.

EMC Computer Systems (UK) Limited

Directors' Report For The Year Ended 31 December 2012 (Continued)

Auditors

The auditors to the company, PricewaterhouseCoopers, Republic of Ireland, have indicated their willingness to continue in office and their reappointment will be submitted at the annual general meeting

On behalf of the Board



P T Dacier

24/9/2013

Date



INDEPENDENT AUDITORS' REPORT: To the members of EMC Computer Systems (UK) Limited

We have audited the financial statements of EMC Computer Systems (UK) Limited for the year ended 31 December 2012 on pages 7 to 25, which comprise the profit and loss account, the balance sheet and related notes. 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).

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities set out on page 3 in the directors' report, 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 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.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act, 2006, and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 31 December 2012 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 as 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

Bernie O'Connell

**Bernie O'Connell (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers
Chartered Accountants and Statutory Auditors
Cork**

27 September 2013

EMC Computer Systems (UK) Limited

Profit and Loss account for the year ended 31 December 2012

	<i>Note</i>	2012 £'000	2011 £'000
Turnover	2	107,568	99,649
Cost of sales		(56,769)	(53,844)
Gross profit		50,799	45,805
Administrative expenses		(95,393)	(87,473)
Other operating income	3	50,633	46,506
Operating profit		6,039	4,838
Interest receivable and similar income	7	41	-
Interest payable and similar charges	8	(88)	(315)
Profit on ordinary activities before taxation		5,992	4,523
Tax on profit on ordinary activities	9	(507)	(1,227)
Profit for the financial year	18	5,485	3,296

All amounts relate to continuing operations

There is no material difference between the profit on ordinary activities before taxation and the profit for the financial year stated above and their historical cost equivalents

The company has no recognised gains or losses other than those included in the results above, and therefore no separate statement of total recognised gains and losses has been presented

The notes on pages 9 to 25 form part of the financial statements

EMC Computer Systems (UK) Limited

Balance sheet as at 31 December 2012

	<i>Note</i>	2012 £'000	2011 £'000
Fixed assets			
Intangible assets	10	13,511	14,365
Tangible assets	11	5,765	5,911
Financial assets	12	42,161	42,161
		61,437	62,437
Current assets			
Debtors	13	114,375	101,294
Cash at bank and in hand		12,325	9,838
		126,700	111,132
Creditors: amounts falling due within one year	14	(76,814)	(81,887)
Net current assets		49,886	29,245
Total assets less current liabilities		111,323	91,682
Creditors: amounts falling due after more than one year	15	(34,333)	(22,743)
Provisions for liabilities and charges	16	(361)	(113)
Net assets		76,629	68,826
Capital and reserves			
Called up share capital	17	140	140
Share based payments reserve	18	29,628	27,310
Profit and loss account	18	46,861	41,376
Equity shareholders' funds	19	76,629	68,826

The notes on pages 9 to 25 form part of the financial statements

The financial statements on pages 7 to 25 were approved by the board of directors on 24/9/2013 and were signed on its behalf by



P. T. Dacier

EMC Computer Systems (UK) Limited
Registered number: 2051360

EMC Computer Systems (UK) Limited

Notes To The Financial Statements For The Year Ended 31 December 2012

1 Statement of Accounting Policies

Basis of Preparation

These financial statements are prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 and accounting standards generally accepted in the United Kingdom. Accounting Standards accepted in the United Kingdom in preparing financial statements giving a true and fair view are those issued by the Accounting Standards Board. The principal accounting policies, which have been applied consistently, except for the adoption of new accounting standards, throughout the year are set out below.

Turnover

Turnover represents the invoiced amounts for goods and services supplied excluding value added tax. Included within turnover are amounts relating to long term contracts comprising the value of work executed during the year. Services revenue consists of the sale of installation services, software warranty and maintenance, hardware maintenance, training and professional services. Installation services revenues are recognised upon completion of installation. Software warranty and maintenance and hardware maintenance revenues are recognised rateably over the contract period. Training revenues are recognised upon completion of the training. Professional services revenues, which include information infrastructure design, integration and implementation, business continuity, data migration, networking storage and project management, are recognised as milestones which reflect a percentage completion basis (i.e. the percentage of costs incurred on the project as compared to total estimated costs). Customer Services and Professional Services revenue will be deferred where appropriate.

Commissionaire Income

Commissionaire income earned in respect of marketing and sales support to another fellow subsidiary undertaking and for administrative, operational and management services provided to other fellow subsidiary undertakings is recorded in "Other operating income". Commissionaire income is recognised when the costs are incurred.

Tangible assets and depreciation

The cost of tangible assets is their historical purchase cost, together with any incidental costs of acquisition.

Depreciation is calculated so as to write off the cost of tangible assets, less their estimated residual values, on a straight line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

Leasehold improvements	Over the life of the lease
	If the terms of the lease contain "Break Options", the leasehold improvements are depreciated over the shorter of
	a) the period of the lease up to the first Break option, or
	b) the life of the lease
Plant and machinery	3 – 5 years
Fixtures and fittings	7 years

EMC Computer Systems (UK) Limited

Notes To The Financial Statements For The Year Ended 31 December 2012 (Continued)

Statement of Accounting Policies (Continued)

Investments

Investments are stated at historical purchase cost less any required provision for impairment. Impairments are charged when investments are reviewed following purchase.

Goodwill

Goodwill represents the excess of the fair value of the cost of investment in acquired businesses over the fair value of the underlying net identifiable assets acquired. Goodwill is amortised over a period of 20 years and is subject to any required provision for impairment.

Financial Assets

Investments in subsidiaries are stated at cost less provision for permanent diminution in value.

Foreign currencies

Trading transactions denominated in foreign currencies are converted into sterling at the exchange rate ruling when the transactions were entered into. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the exchange rates ruling at the balance sheet date. Exchange gains or losses arising from this translation are included in operating profit.

Deferred Taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis.

Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation, and the reliable estimate can be made of the amount of the obligation.

Pension scheme

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge disclosed in note 22 represents contributions payable by the Company to the fund.

EMC Computer Systems (UK) Limited

Notes To The Financial Statements For The Year Ended 31 December 2012 (Continued)

Statement of Accounting Policies (Continued)

Operating leases

Rental payables under operating leases are charged to the profit and loss account over the lease term

Cash flow statement and related party transactions

The Company is a wholly owned subsidiary of EMC Ireland Holdings, whose accounts are included in the consolidated financial statements of EMC Corporation, which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1 (Revised 1996). The Company is also exempt under the terms of Financial Reporting Standard 8 from disclosing related party transactions which are eliminated on consolidation with entities that are part of the EMC Corporation, group or investees of the EMC Corporation group. There are no related parties other than with Group Companies.

Share-based payments

For equity-settled share-based payment transactions (i.e. the granting of share options), the company measures the services received and the corresponding increase in equity at fair value at the measurement date (which is the grant date) using a recognised valuation methodology for the pricing of financial instruments (Black-Scholes Model). Given that the share options granted do not vest until the completion of a specified period of service and are subject to the realisation of certain performance conditions, the fair value is determined on the basis that the services to be rendered by employees as consideration for the granting of share options will be received over the vesting period, which is assessed as at the date of grant.

The share options granted by the company are subject to certain market based vesting conditions as defined in FRS 20. Non-market vesting conditions are not taken into account when estimating the fair value of share options as at the date of grant, such conditions are taken into account through adjusting the number of equity instruments included in the measurement of the transaction so that, ultimately, the amount recognised equates to the number of equity instruments that actually vest. The expense in the income statement in relation to share options represents the product of the total number of options expected to vest and the fair value of those options. The resulting amount is allocated to accounting periods over the vesting period. Given that the performance conditions underlying the company's share options are non-market in nature, the cumulative charge to the income statement is reversed only when the performance condition is not met or where an employee in receipt of share options relinquishes service prior to completion of the expected vesting period. The company does not operate any cash-settled share-based payment schemes or share-based payment transactions with cash alternatives as defined in FRS 20.

Changes in accounting policies

The financial statements have been prepared using the same accounting policies as set out in the financial statements for the year ended 31 December 2011.

EMC Computer Systems (UK) Limited

Notes To The Financial Statements For The Year Ended 31 December 2012 (Continued)

2 Turnover

The geographical analysis of turnover by destination, all of which originates in the UK, is as follows

	2012 £'000	2011 £'000
Professional services	38,657	33,795
Hardware and software maintenance	66,424	63,367
Customer education and training	2,487	2,487
Total turnover	107,568	99,649

Turnover is derived from external customers

3 Other Operating Income

	2012 £'000	2011 £'000
Commissionaire income	69,473	45,404
Foreign Exchange - (loss)/gain	(18,891)	760
Other miscellaneous income	51	342
	50,633	46,506

Commissionaire income represents commission earned in respect of marketing and sales support to a fellow subsidiary undertaking

The normal fluctuation in foreign exchange rates has resulted in a loss of £18,891,000. The amount is unrealised and principally derived from revaluation of euro and dollar denominated intercompany trading balances which arise as a direct result of the trading classified within Other Operating Income.

EMC Computer Systems (UK) Limited

Notes To The Financial Statements For The Year Ended 31 December 2012 (Continued)

4 Operating profit

Operating profit is stated after charging/(crediting)

	2012 £'000	2011 £'000
Depreciation on owned tangible fixed assets (see note 11)	3,806	4,408
Loss on disposal of fixed assets	36	4
Amortisation of goodwill (see note 10)	854	730
Auditors' remuneration		
- Audit of the Financial Statements	98	95
- Other services provided under legislation	29	28
Redundancy/restructuring expenses (see note 16)	1,080	345
Operating lease rentals in respect of		
- Plant and machinery (including motor vehicles)	56	159
- Land and buildings	2,334	2,636

Redundancy/restructuring expenses arise as a result of business reorganisation during the year

5 Directors' Emoluments

None of the directors received any remuneration during the year in respect of their services to the company (2012 £nil) There are no benefits accruing to directors (2011 £nil) under the company's defined contribution pension scheme

EMC Computer Systems (UK) Limited

Notes To The Financial Statements For The Year Ended 31 December 2012 (Continued)

6 Employee Information

The average number of persons employed by the Company during the year was

	2012 Number	2011 Number
By division:		
Sales	470	437
Customer Service Technicians	216	221
Professional Services	166	158
Administration	22	22
	874	838

	2012 £'000	2011 £'000
Staff costs during the year were as follows:		
- Wages and salaries	80,986	74,720
- Social security costs	12,964	12,172
- Other pension costs (see note 22)	3,179	2,677
- Equity-settled share-based payments (see note 23)	2,318	2,726
	99,447	92,295

7 Interest Receivable and Similar Income

	2012 £'000	2011 £'000
Other Interest receivable	41	-

EMC Computer Systems (UK) Limited

Notes To The Financial Statements For The Year Ended 31 December 2012 (Continued)

8 Interest Payable and Similar Charges

	2012 £'000	2011 £'000
Interest payable to group undertakings – payable within one year	86	243
Interest payable to HMRC	-	70
Other interest payable	2	2
	88	315

Interest payable of £86,000 (2011 £243,000) relates to interest payable on an inter-company payable balance with a fellow group undertaking, EMC Benelux B V

9 Tax on Profit on Ordinary Activities

	2012 £'000	2011 £'000
Current tax:		
UK corporation tax based on the profit for the year at 24.5% (2011 26%)	901	1,925
Adjustments in respect of previous periods	(232)	(247)
Total current tax charge	669	1,678
Deferred tax :		
Origination and reversal of timing differences (see note 13)	(162)	(451)
Tax on profit on ordinary activities	507	1,227

The tax assessed for the year differs to that calculated on the profit for the year by reference to the standard rate of corporation tax in the UK. The differences are explained below

	2012 £'000	2011 £'000
Profit on ordinary activities before taxation	5,992	4,523
Profit on ordinary activities multiplied by the average rate of UK corporation tax applicable in the financial year of 24.5% (2011 26%)	1,468	1,176
Effects of:		
Expenses not deductible for tax purposes	605	865
Differences between capital allowances and depreciation	202	316
Utilisation of Group Losses from fellow Subsidiary	(1,156)	-
Other timing differences	(218)	(432)
Adjustments to tax charge in respect of previous periods	(232)	(247)
Total current tax charge	669	1,678

EMC Computer Systems (UK) Limited

Notes To The Financial Statements For The Year Ended 31 December 2012 (Continued)

10 Intangible Assets

	Documentum Europe Limited £'000	Isilon Systems UK Limited £'000	Netwitness International Corporation £'000	Total £'000
Goodwill				
Cost				
At 1 January and 31 December 2012	8,497	4,678	3,903	17,078
Accumulated Amortisation				
At 1 January 2012	(2,408)	(175)	(130)	(2,713)
Charge for year	(425)	(234)	(195)	(854)
At 31 December 2012	(2,833)	(409)	(325)	(3,567)
Net book value				
At 31 December 2012	5,664	4,269	3,578	13,511
At 31 December 2011	6,089	4,503	3,773	14,365

The goodwill represents the excess of consideration paid over the fair value of the net assets acquired by EMC Computer Systems (UK) Limited from the following entities Documentum Europe Limited in 2006, Isilon Systems (UK) Limited in April 2011 and Netwitness International Corporation in April 2011

The related goodwill is amortised to the profit and loss account over twenty years, being the directors' estimate of its useful economic life to the company This is based on the director's assumption with regard to the long term cashflow and profitability to be generated by the company

EMC Computer Systems (UK) Limited

Notes To The Financial Statements For The Year Ended 31 December 2012 (Continued)

11 Tangible Assets

	Leasehold Improvements £'000	Plant and Machinery £'000	Fixtures and Fittings £'000	Total £'000
Cost				
At 1 January 2012	2,700	23,880	237	26,817
Additions	380	3,255	316	3,951
Disposals	(24)	(3,528)	(9)	(3,561)
At 31 December 2012	3,056	23,607	544	27,207
Accumulated Depreciation				
At 1 January 2012	2,120	18,650	136	20,906
Additions	1	1	0	2
Charge for year	258	3,499	49	3,806
Disposals	(1)	(3,271)	(0)	(3,272)
At 31 December 2012	2,378	18,879	185	21,442
Net book value				
At 31 December 2012	678	4,728	359	5,765
At 31 December 2011	580	5,230	101	5,911

12 Financial Assets

Investment in subsidiary undertakings

	Company Conchango Limited
	£'000
At 1 January and 31 December 2012	42,161

Investment in subsidiary undertaking

Name of subsidiary	Registered Address	Proportion of nominal value of issued shares held
Conchango Limited,	Herbert Smith, Level 1, Exchange House, Primrose Street, London, EC2A 2EG	100%

Conchango Limited is a leading creative web design company and global business technology solutions provider specialising in e-business consultancy

EMC Computer Systems (UK) Limited

Notes To The Financial Statements For The Year Ended 31 December 2012 (Continued)

13 Debtors

	2012 £'000	2011 £'000
Amounts falling due within one year		
Trade debtors	51,701	24,232
Amounts owed by group undertakings – trade balances	48,643	66,039
Other debtors	2,780	-
Corporation Tax Receivable	259	-
Deferred taxation (a)	8,596	8,434
Prepayments	2,396	3,157
	114,375	101,862

(a) The deferred tax asset comprises:

	2012 £'000	2011 £'000
Excess of capital allowances over depreciation	1,656	1,555
Short term timing differences	125	52
Share based payments reserves (see note 23)	6,815	6,827
	8,596	8,434
At 1 January 2012	8,434	7,983
Credit to profit and loss account (see note 9)	162	451
At 31 December 2012	8,596	8,434

The deferred tax asset has been recognised as the directors of the company consider that it is more likely than not the asset will crystallise in the future

EMC Computer Systems (UK) Limited

Notes To The Financial Statements For The Year Ended 31 December 2012 (Continued)

14 Creditors: Amounts Falling Due Within One Year

	2012 £'000	2011 £'000
Trade creditors	2,864	1,681
Amounts owed to group undertakings – trade balances	8,762	9,304
Other creditors	-	568
Amounts owed to group undertakings – loan balances	1,443	7,193
Taxation and social security payable	24,250	26,513
Accruals and deferred income	39,495	36,399
Corporation Tax Payable	-	797
	76,814	82,455

Amounts owed to group undertakings (loan balances) relate to an amount owed to EMC (Benelux) B V of £1,443,000 which charged an average interest rate of 2.87% in 2012. The loan is unsecured and repayable on demand within one year.

Amounts owed to group undertakings (trade balances) are interest free, unsecured and repayable on demand.

15 Creditors: Amounts Falling Due After More Than One Year

	2012 £'000	2011 £'000
Deferred revenue	34,333	22,743

16 Provisions for Liabilities and Charges

	2012		2011	
	Redundancy £'000	Total £'000	Redundancy £'000	Total £'000
At 1 January 2012	113	113	154	154
Charge to profit and loss account (see note 4)	1,080	1,080	345	345
Paid or utilised during the year	(832)	(832)	(386)	(386)
At 31 December 2012	361	361	113	113

A redundancy provision of £361,000 (2011: £113,000) exists in 2012 and has been made to cover redundancies resulting from a reorganisation of the business.

EMC Computer Systems (UK) Limited

Notes To The Financial Statements For The Year Ended 31 December 2012 (Continued)

17 Called-up Share Capital

	2012 £'000	2011 £'000
Authorised 10,000,000 ordinary shares of £1 each	10,000	10,000
Allotted, called up and fully paid 140,001 ordinary shares of £1 each at 31 December 2012	140	140

18 Reserves

	Share based payments reserve £'000	Profit and loss account £'000	Total £'000
At 1 January 2012	27,310	41,376	68,686
Profit for the financial year	-	5,485	5,485
Allotted share based payments reserve (see note 23)	2,318	-	2,318
At 31 December 2012	29,628	46,861	76,489

19 Reconciliation of Movements in Equity Shareholders' Funds

	2012 £'000	2011 £'000
Profit for the financial year	5,485	3,296
Allotted to share based payment reserve (see note 23)	2,318	2,726
Net addition to shareholders' funds	7,803	6,022
Equity shareholders' funds at 1 January 2012	68,826	62,804
Equity shareholders' funds at 31 December 2012	76,629	68,826

EMC Computer Systems (UK) Limited

Notes To The Financial Statements For The Year Ended 31 December 2012 (Continued)

20 Contingent Liabilities

	2012 £'000	2011 £'000
Bank guarantee in respect of customs and excise duty	3,000	2,500

21 Operating Lease Commitments

At 31 December 2012 the company had annual commitments under non-cancellable operating leases which expire as follows

	Land & buildings 2012 £'000	Other 2012 £'000	Land & buildings 2011 £'000	Other 2011 £'000
Expiring within one year	33	45	544	39
Expiring between two and five years inclusive	629	32	118	104
Expiring in more than five years	26	-	5	-
	688	77	667	143

22 Pension commitments

The company operates a defined contribution pension scheme

Certain permanent employees of EMC Computer Systems (UK) Limited are eligible as members of a contributory defined contribution plan. The assets of the defined contribution plan are held separately from those of the company in an independent trustee administered fund. The company's contributions are charged to the profit and loss account in the year in which contributions are payable. During the year, £3,179,000 (2011 £2,677,000) was charged to the profit and loss account and contributions of £497,000 (2011 £448,000), were outstanding as at 31 December 2012.

EMC Computer Systems (UK) Limited

Notes To The Financial Statements For The Year Ended 31 December 2012 (Continued)

23 Share-based payments

The EMC Corporation 2003 Stock Plan (the "2003 plan") provides for the grant of stock options, stock appreciation rights, restricted stock and restricted stock units. The exercise price for a stock option shall not be less than 100% of the fair market value of EMC Corporation's common stock on the date of grant. Options generally become exercisable in annual instalments over a period of three to five years after the date of grant and expire ten years after the date of grant. Incentive stock options will expire no later than ten years after the date of grant. Restricted stock is common stock that is subject to a risk of forfeiture or other restrictions that will lapse upon satisfaction of specified conditions. Restricted stock units represent the right to receive shares of common stock in the future, with the right to future delivery of the shares subject to a risk of forfeiture or other restrictions that will lapse upon satisfaction of specified conditions. Awards of restricted stock or restricted stock units that vest only by the passage of time will not vest fully in less than three years after the date of grant.

The 2003 plan allows EMC Corporation to grant up to 200 million shares of common stock, no more than 60 million shares of which may be issued pursuant to awards of restricted stock or restricted stock units.

In addition to the 2003 plan, EMC Corporation has three employee stock option plans (the "1985 plan", the "1993 plan" and the "2001 plan"). Under the terms of each of the three plans, the exercise price of incentive stock options issued must be equal to at least the fair market value of EMC Corporation's common stock on the date of grant. In the event that non-qualified stock options are granted under the 1985 plan, the exercise price may be less than the fair market value at the time of grant, but in the case of employees not subject to Section 16 of the Securities Exchange Act of 1934, not less than par value (which is \$0.01 per share), and in the case of employees subject to Section 16, not less than 50% of the fair market value on the date of grant. In the event that non-qualified stock options are granted under the 1993 plan or the 2001 plan, the exercise price may be less than the fair market value at the time of grant but not less than par value.

Employee stock purchase plan

Under EMC Corporation's 1989 Employee Stock Purchase Plan (the "1989 plan"), eligible employees may purchase shares of common stock through payroll deductions at 85% of the fair market value of the stock at the time of exercise. Options to purchase shares are granted twice yearly, on 1 January and 1 July, and are exercisable on the succeeding 30 June or 31 December.

Share-based payments reserve

	2012 £'000	2011 £'000
At 1 January	27,310	24,584
Employee share options	2,318	2,726
At 31 December	29,628	27,310
Related deferred tax asset (See note 13)	6,815	6,827

EMC Computer Systems (UK) Limited

Notes To The Financial Statements For The Year Ended 31 December 2012 (Continued)

23 Share-based payments (Continued)

Movement in the number of share options outstanding and their related weighted average exercise prices are as follows

	Average exercise price per share	2012 Number of shares	Average exercise price per share	2011 Number of shares
	US\$		US\$	
At 1 January	13.72	1,005,562	16.95	1,660,800
Transfers	24.10	(21,242)	20.26	(259,304)
Granted	1.33	37,160	9.32	172,882
Cancelled	11.57	(64,722)	29.87	(208,424)
Exercised	11.64	(237,351)	12.47	(360,392)
At 31 December	13.65	719,407	13.72	1,005,562

Share options outstanding at the end of the year have the following expiry date and exercise prices

Expiry date	Range of exercise prices US\$	Shares 2012
2015	10.01-15	193,112
2016	5.01-10	74,265
2018	15.01-20	341,272
2020	0-5	74,731
2021	20.01-30	36,027
		719,407

Movement in the number of Restricted Stock units outstanding and their related weighted average exercise prices are as follows

	Average exercise price per share	2012 Number of shares	Average exercise price per share	2011 Number of shares
	US\$		US\$	
At 1 January	-	366,988	-	347,998
Transfers	-	(50,035)	-	(56,351)
Granted	-	150,387	-	190,005
Cancelled	-	(14,202)	-	(32,560)
Exercised	-	(101,581)	-	(82,104)
At 31 December	-	351,557	-	366,988

EMC Computer Systems (UK) Limited

Notes To The Financial Statements For The Year Ended 31 December 2012 (Continued)

23 Share-based payments (Continued)

Restricted Stock units outstanding at the end of the year have the following expiry date and exercise prices

Expiry date	Range of exercise prices	Shares
	US\$	2012
2021	0-100	351,557
		351,557

The company elected to estimate the fair value of employee stock option awards and ESPP purchases using the Black-Scholes model. The determination of the fair value of share-based payment awards on the date of grant using the Black-Scholes model is affected by EMC Corporation's stock price as well as assumptions regarding a number of subjective variables. These variables include the expected term of the awards, the expected stock price volatility over the term of the awards, the risk-free interest rate associated with the expected term of the awards and the expected dividends.

In 2012, the company's Black-Scholes option model included the following weighted average assumptions for the company's employee stock options and ESPP:

	Stock options	ESPP
Expected volatility	34.3%	-
Risk-free interest rate	0.8%	-
Expected life (in years)	5.2	-
Weighted-average fair value at grant date	US\$8.56	-

24 Ultimate Parent Company and scope of financial statements

EMC Corporation, a company registered in the USA, is the ultimate parent company. The largest and smallest group in which the financial statements of EMC Computer Systems (UK) Limited are consolidated is that headed by EMC Corporation.

The financial statements of EMC Computer Systems (UK) Limited are included in the financial statements of EMC Corporation for the year ended 31 December 2012 which are drawn up in a manner equivalent to financial statements drawn up in accordance with the EU Seventh Directive. Consequently EMC Computer Systems (UK) Limited is exempt from preparing and delivering to the Companies House, group financial statements, and these financial statements present information about it as an individual company and not about its group. Copies of the parent's consolidated financial statements may be obtained from the Secretary, EMC Corporation, 176 South Street, Hopkinton MA 01748, USA.

EMC Computer Systems (UK) Limited

Notes To The Financial Statements For The Year Ended 31 December 2012 (Continued)

25 Approval of the Financial Statements

The financial statements were approved by the board on 24/9/2013