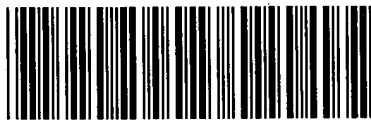


**EMC COMPUTER SYSTEMS (UK) LIMITED**

**Directors' Report and Financial Statements  
Financial Year Ended 31 December 2015**

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**DIRECTORS AND OTHER INFORMATION**

**Board of Directors at 12 September 2016**

P. T. Dacier (U.S.)  
S. I. Permut (U.S.)  
Patrick Walker (U.K.)  
Juergen Weinman (D.E.)

**Solicitors**

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

**Secretary and registered office**

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

**Bankers**

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

**Registered Number:** 2051360

**Auditors.**

PricewaterhouseCoopers  
Chartered Accountants and Statutory Audit Firm  
One Albert Quay  
Cork  
Republic of Ireland

## STRATEGIC REPORT

The directors present their strategic report on the company for the year ended 31 December 2015.

### Review of the business

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.

EMC's mission is to lead businesses and service providers to transform information technology ("IT") operations. This transformation enables IT organizations to evolve from cost centers to value drivers that are more agile, more cost-effective and more responsive to business needs. We manage our operations as a federation of businesses, each of which plays a vital role in the transformation of IT: EMC Information Infrastructure, VMware Virtual Infrastructure and Pivotal. Together, these businesses enable customers to build cloud-based infrastructures for existing applications while at the same time helping customers build and run new applications.

As data centers become more agile, managing information becomes central to their operations. EMC Information Infrastructure provides a foundation for organizations to store, manage, protect, analyze and secure ever-increasing quantities of information, while at the same time improving business agility, lowering cost and increasing competitive advantage. EMC Information Infrastructure helps customers optimize client-server technologies as well as those of the mobile-cloud era. These benefits can be greatly enhanced with virtualization.

EMC supports a broad range of customers, including businesses, governments, not-for-profit organizations and service providers, around the world and in every major industry, in both public and private sectors, and of sizes ranging from the Fortune 500 to small business and individual consumers.

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.

### 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.

### Key performance indicators

	2015	2014	% Change
Turnover	146,887	141,385	4%
Gross Profit	72,594	67,199	8%
Gross Margin	49%	48%	1%
Operating Profit	5,205	6,617	-19%
Profit after tax	4,562	5,069	-8%
Equity shareholders' funds	65,016	82,803	-21%
Average number of employees	865	883	-2%

Turnover has increased year on year due to increased performance in hardware maintenance sales. This is due to customers deferring upgrade cycles while they consider strategic decisions on the future of their IT architectures, and therefore are renewing maintenance on their current IT assets.

Gross profit has increased due to the increase in hardware maintenance revenue which attracts a higher margin coupled with the director's focus on managing costs. Operating profit has decreased year on year primarily due to a reduction in the commission earned in respect of product and software maintenance sales on behalf of EMC Information Systems International.

The profit after tax is £4,562,479 after taking into account a tax charge of £799,607. Shareholders' funds decreased year on year due to the payment of a dividend totalling £24,246,000 to the parent company during the year.

The total average number of employees decreased by 18 or 2% during the year. The decrease year on year is a result of the directors managing headcount to service the business.

**STRATEGIC REPORT - continued**

**Post balance sheet events**

The company on 4 June 2016 entered into a distribution agreement with EMC Information Systems International replacing the existing commissionaire agreement.

On 7 September 2016, the ultimate parent company, EMC Corporation, completed a transaction combine to Dell and EMC to form Dell Technologies. The combined company will be a leader in numerous high-growth areas of the information technology market, with a complementary portfolio, sales team and research and development ("R&D") organization across four globally recognized technology franchises - servers, storage, virtualization and PCs - and brings together strong capabilities in the fast growing areas of the industry, including converged infrastructure, digital transformation, software-defined data centre, hybrid cloud, mobile and security.

**Principal risks and uncertainties**

Due to the nature of the Company's business arrangements, the directors believe that risk attributable to foreign exchange; interest rates, credit and cashflow is minimal as the company acts on a risk free basis on behalf of the principal EMC Information Systems International. The ultimate parent company, EMC Corporation, has appropriate risk management programmes in place to manage any such risk that may arise.

By order of the board



Patrick Walker  
Director

## DIRECTORS' REPORT

The directors present their report and the audited financial statements of the company for the year ended 31 December 2015.

### Principal activities

EMC's mission is to lead businesses and service providers to transform information technology ("IT") operations. This transformation enables IT organizations to evolve from cost centers to value drivers that are more agile, more cost-effective and more responsive to business needs. We manage our operations as a federation of businesses, each of which plays a vital role in the transformation of IT: EMC Information Infrastructure, VMware Virtual Infrastructure and Pivotal. Together, these businesses enable customers to build cloud-based infrastructures for existing applications while at the same time helping customers build and run new applications.

As data centers become more agile, managing information becomes central to their operations. EMC Information Infrastructure provides a foundation for organizations to store, manage, protect, analyze and secure ever-increasing quantities of information, while at the same time improving business agility, lowering cost and increasing competitive advantage. EMC Information Infrastructure helps customers optimize client-server technologies as well as those of the mobile-cloud era. These benefits can be greatly enhanced with virtualization. EMC supports a broad range of customers, including businesses, governments, not-for-profit organizations and service providers, around the world and in every major industry, in both public and private sectors, and of sizes ranging from the Fortune 500 to small business and individual consumers.

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.

### Statement of directors' responsibilities

The directors are responsible for preparing the strategic report, 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 prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 "The Financial Reporting Standard Applicable in the UK and Republic of Ireland" (FRS 102).

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 then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether United Kingdom Accounting Standards, including FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 102 used in the preparation of financial statements; 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 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.

## **DIRECTORS' REPORT - continued**

### **Directors**

The names of the persons who are currently or were directors for the year ended 31 December 2015 are set out below. Unless indicated otherwise they served as directors for the entire year.

P. T. Dacier

S. I. Permut

P Walker (appointed 26 May 2016)

J Weinman (appointed 26 May 2016)

No director held any interests in the share capital of the company at any time during the year and since the year end.

### **Results and Dividend**

The company's profit for the financial year was £4,562,000 (2014: £5,069,000). A dividend of £24,246,000 was paid during the year (2014: £Nil). Dividends of £3,288,667 and £4,578,994 were paid on 29 February 2016 and 24 June 2016 respectively.

### **Review of the business and future developments**

The directors are satisfied with the growth in business during the year and they expect that the present level of activity will be sustained for the foreseeable future.

### **Going concern**

The directors, after making enquiries and having regard to the company's financial position, trading performance and financing available to the company have a reasonable expectation that the company has adequate resources to continue operating 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 is minimal as the company acts on a risk free basis on behalf of the principal EMC Information Systems International. 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.

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.

**DIRECTORS' REPORT - continued**

**Post balance sheet events**

The company entered into a distribution agreement with EMC Information Systems International on 4 June 2016 replacing the existing commissionaire agreement with effect from 1<sup>st</sup> of January 2016.

On 7 September 2016, the ultimate parent company, EMC Corporation, completed a transaction combine to Dell and EMC to form Dell Technologies. The combined company will be a leader in numerous high-growth areas of the information technology market, with a complementary portfolio, sales team and research and development ("R&D") organization across four globally recognized technology franchises - servers, storage, virtualization and PCs - and brings together strong capabilities in the fast growing areas of the industry, including converged infrastructure, digital transformation, software-defined data center, hybrid cloud, mobile and security.

**Disclosure of information to the auditor**

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

- a) so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- b) the directors has taken all the 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.

**Political and charitable donations**

During the year the following political or charitable donations were made by the company; £30,614 (2014: £26,330).

**Independent auditors**

The auditors, PricewaterhouseCoopers, Republic of Ireland, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the annual general meeting.

**By order of the board**

Patrick Walker  
Director

12 September 2016



**DIRECTORS' REPORT - continued**

**Post balance sheet events**

The company entered into a distribution agreement with EMC Information Systems International on 4 June 2016 replacing the existing commissionaire agreement with effect from 1<sup>st</sup> of January 2016.

On 7 September 2016, the ultimate parent company, EMC Corporation, completed a transaction to combine Dell and EMC to form Dell Technologies. The combined company will be a leader in numerous high-growth areas of the information technology market, with a complementary portfolio, sales team and research and development ("R&D") organization across four globally recognized technology franchises - servers, storage, virtualization and PCs - and brings together strong capabilities in the fast growing areas of the industry, including converged infrastructure, digital transformation, software-defined data center, hybrid cloud, mobile and security.

**Disclosure of information to the auditor**

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

- a) so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- b) the directors has taken all the 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.

**Political and charitable donations**

During the year the following political or charitable donations were made by the company; £30,614 (2014: £26,330).

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**By order of the board**

Patrick Walker  
Director



## **Independent auditors' report to the members of EMC Computer Systems (UK) Limited**

### **Report on the financial statements**

#### **Our opinion**

In our opinion, EMC Computer Systems (UK) Limited's financial statements (the "financial statements"):

- give a true and fair view of the company's affairs as at 31 December 2015 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.

#### **What we have audited**

EMC Computer Systems (UK) Limited's financial statements comprise:

- the statement of financial position as at 31 December 2015;
- the income statement for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "Reduced Disclosure Framework".

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

#### **Opinion on other matters prescribed by the Companies Act 2006**

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

#### **Other matters on which we are required to report by exception**

##### **Adequacy of accounting records and information and explanations received**

Under the Companies Act 2006 we are required to report to you, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

#### **Directors' remuneration**

Under the Companies Act 2006 we are required to report to you if, in our opinion, the disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.



## **Responsibilities for the financial statements and the audit**

### **Our responsibilities and those of the directors**

As explained more fully in the Directors' Responsibilities Statement set out on page 5, 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 and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & 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.

### **What an audit of financial statements involves**

We conducted our audit in accordance with ISAs (UK and Ireland). 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Directors' Report and Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

A handwritten signature in black ink, appearing to read 'Bernie O'Connell'.

**Bernie O'Connell (Senior Statutory Auditor)**  
**For and on behalf of PricewaterhouseCoopers**  
**Chartered Accountants and Statutory Audit Firm**  
**Cork**  
**Republic of Ireland**

12 September 2016

**PROFIT AND LOSS ACCOUNT**  
Financial year ended 31 December 2015

	Notes	2015 £'000	2014 £'000
<b>Turnover</b>	5	146,887	141,385
Cost of sales		<u>(74,293)</u>	<u>(74,186)</u>
<b>Gross profit</b>		72,594	67,199
Administration expenses		(94,824)	(71,513)
Other operating income	6	<u>27,435</u>	<u>10,931</u>
<b>Operating profit</b>	7	5,205	6,617
Interest receivable and similar income	9	228	135
Interest payable and similar charges	9	(71)	(7)
<b>Profit on ordinary activities before taxation</b>		5,362	6,745
Tax on profit on ordinary activities	10	<u>(800)</u>	<u>(1,676)</u>
<b>Profit for the financial year</b>		<u>4,562</u>	<u>5,069</u>


All amounts included in the income statement derive from continuing operations. The company has no other income or expenses other than those included in the results and therefore no separate statement of comprehensive income has been prepared. The notes on pages 13 to 28 are an integral part of these financial statements.

**BALANCE SHEET**  
As at 31 December 2015

	Notes	2015 £'000	2014 £'000
<b>Fixed assets</b>			
Intangible assets	11	5,599	7,389
Tangible assets	12	16,777	12,512
Investments	13	<u>42,161</u>	<u>42,161</u>
		<u>64,537</u>	<u>62,062</u>
<b>Current assets</b>			
Debtors	14	132,198	166,419
Cash at bank and in hand		<u>14,138</u>	<u>10,814</u>
		<u>146,336</u>	<u>177,233</u>
<b>Creditors - amounts falling due within one year</b>	15	<u>(104,895)</u>	<u>(108,148)</u>
<b>Net current assets</b>		<u>41,441</u>	<u>69,085</u>
<b>Total assets less current liabilities</b>		<u>105,978</u>	<u>131,147</u>
<b>Creditors - amounts falling due in more than one year</b>	16	<u>(40,962)</u>	<u>(47,974)</u>
<b>Provisions for liabilities</b>	17	<u>-</u>	<u>(370)</u>
<b>Net assets</b>		<u>65,016</u>	<u>82,803</u>
<b>Capital and reserves</b>			
Called up share capital	18	140	140
Share based payments reserve	23	36,224	34,327
Retained earnings		<u>28,652</u>	<u>48,336</u>
<b>Total equity</b>		<u>65,016</u>	<u>82,803</u>

The notes on pages 13 to 28 are an integral part of these financial statements.

On behalf of the board

  
Patrick Walker  
Director

EMC Computer Systems (UK) Limited

Registered no: 2051360

**STATEMENT OF CHANGES IN EQUITY**  
**Year ended 31 December 2015**

	Notes	Called up share capital	Share based payments reserve	Retained Earnings	Total
		£'000	£'000	£'000	£'000
Balance at 1 January 2014		140	32,079	43,267	75,486
Allocated share based payments reserve		-	2,248	-	2,248
Profit for the financial year		-	-	5,069	5,069
Balance at 31 December 2014		<u>140</u>	<u>34,327</u>	<u>48,336</u>	<u>82,803</u>
Balance at 1 January 2015		140	34,327	48,336	82,803
Profit for the financial year		-	-	4,562	4,562
Allocated share based payments reserve		-	1,897	-	1,897
Dividends paid	24	-	-	(24,246)	(24,248)
Balance at 31 December 2015		<u>140</u>	<u>36,224</u>	<u>28,652</u>	<u>65,016</u>

The notes on pages 13 to 28 are an integral part of these financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

### 1 General information

The principal activity of the company is the provision of marketing and sales services under a commissionaire for EMC Information Systems International in respect of product and customer service software maintenance sales and is compensated by receiving commissionaire income.

The company is incorporated and resident in the United Kingdom. The address of its registered office is Exchange House, Primrose Street, London, EC2A 2EG.

EMC Computer Systems (UK) Limited is a wholly owned subsidiary of EMC Information Systems International, which is incorporated in Ireland. Its ultimate parent is EMC Corporation a company incorporated in the United States of America. As the financial statements of EMC Computer Systems (UK) Limited are included in the consolidated financial statements of EMC Corporation for the year ended 31 December 2015 it is exempt, by virtue of Section 401 of the Companies Act 2006, from the requirement to prepare consolidated financial statements. Copies of the ultimate parent's consolidated financial statements may be obtained from the company Secretary, EMC Corporation, 176 South Street, Hopkinton, MA 01748, USA.

These financial statements are the company's separate financial statements.

### 2 Statement of compliance

The financial statements of EMC Computer Systems (UK) Limited have been prepared on a going concern basis and in accordance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

### 3 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated. The company has adopted FRS 102 for the first time in these entity financial statements. Details of the transition are disclosed in note 25.

#### **Basis of preparation**

The financial statements have been prepared under the historical cost convention. The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

#### **Exemptions for qualifying entities under FRS 102**

FRS 102 allows for certain disclosure exemptions and the following have been taken by the company:

##### *Cash flow*

The company has taken advantage of the exemption, under FRS 102, paragraph 1.12(b), from preparing a statement of cash flows, on the basis that it is a qualifying entity and its ultimate parent company, EMC Corporation, includes the company's cash flows in its own consolidated financial statements.

##### *Related party transactions*

The company discloses transactions with related parties which are not wholly owned with the same group. It does not disclose transactions with members of the same group that are wholly owned.

##### *Key management compensation*

The company has taken advantage of the exemption, under FRS 102, paragraph 33.7, from disclosing key management compensation, on the basis that it is a qualifying entity.

NOTES TO THE FINANCIAL STATEMENTS - continued

3 Summary of significant accounting policies – continued

**Exemptions for qualifying entities under FRS 102 - continued**

*Share based payments*

The company has taken advantage of the exemption, under FRS 102, of section 26 (paragraph 26.18 (b), 26.19 to 26.21 and 26.23), from disclosing certain disclosures, on the basis that it is a qualifying entity

**Foreign currency translation**

*Functional and presentation currency*

Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the company operates ('the functional currency'). The financial statements are presented in 'Pounds Sterling' (£), which is also the company's functional currency.

*Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. All other foreign exchange gains and losses are presented in the profit and loss within 'Administration Expenses'.

**Other revenue**

The company also earns interest income. Interest income is recognised using the effective interest rate method. Interest income is presented as 'interest receivable and similar income' in the profit and loss account.

**Property, plant and equipment**

Tangible assets are stated at cost (or deemed cost) less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to bringing the assets to its working condition for its intended use, dismantling and restoration costs

*Leasehold improvements*

Leasehold improvements are stated at cost less accumulated depreciation and accumulated impairment losses.

*Fixtures, fittings and equipment*

Fixtures, fittings and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

*Plant and machinery*

Plant and machinery are stated at cost less accumulated depreciation and accumulated impairment losses.

*Assets in the course of construction*

Assets in the course of construction are stated at cost and are not depreciated until they are available for use.

*Depreciation and residual values*

Land is not depreciated. Depreciation on other assets is calculated, using the straight line method over their estimated useful lives, as follows:

- |                          |                              |
|--------------------------|------------------------------|
| • Fixtures, fittings     | - 7 years                    |
| • Plant and machinery    | - 3 – 5 years                |
| • Leasehold improvements | - over the life of the lease |



NOTES TO THE FINANCIAL STATEMENTS - continued

**3 Summary of significant accounting policies – continued**

**Property, plant and equipment – continued**

*Subsequent additions and major components*

The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at the end of each reporting period. The effect of any change is accounted for prospectively.

Subsequent costs, including major inspections, are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that economic benefits associated with the item will flow to the company and the cost can be measured reliably.

Repairs, maintenance and minor inspection costs are expensed as incurred.

*Derecognition*

Tangible assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss and included in "Other operating (losses)/gains".

**Intangible assets**

Goodwill represents the excess of the fair value of the consideration given on acquisition over the fair value of the identifiable net assets acquired. Goodwill is eliminated by amortisation through the profit and loss over its useful life of 10 years. The carrying value of goodwill is reviewed annually and provision is made for any impairment. Impairment losses are recognised through the profit and loss.

**Impairment of non-financial assets**

Non-financial assets not ready to use are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

**Financial assets**

*Classification*

The company classifies its financial assets in the following categories: at fair value through profit or loss, and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

*(a) Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets if expected to be settled within 12 months, otherwise they are classified as non-current investments.

*(b) Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The company's loans and receivables comprise receivables and cash in the balance sheet.

*Recognition and measurement*

Regular way purchases and sales of financial assets are recognised on the trade date – the date on which the company commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the company has transferred substantially all risks and rewards of ownership. Financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

## NOTES TO THE FINANCIAL STATEMENTS - continued

### 3 Summary of significant accounting policies – continued

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the income statement within interest income or expenses in the period in which they arise.

#### **Investment in subsidiaries**

Investments in subsidiaries are held at cost less accumulated impairment losses. Income from these assets is recognised on a receivable basis in the income statement.

#### **Impairment of financial assets**

##### *Assets carried at amortised cost*

The company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

#### **Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

#### **Turnover**

Turnover represents the invoiced amounts for 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, hardware maintenance, training and professional services.

##### *Professional Services*

Installation services revenues are recognised upon completion of installation.

Fixed price contracts are recognised based on percentage of completion basis as determined by costs incurred to date versus estimated costs of the project. Total project costs are subject to revision throughout the life of a fixed-price contract. The estimates are based on historical cost to completion data available and are reviewed regularly.

Time and materials projects including custom residency engagements are recognised with an agreed bill rate per hour for services delivered.

Event based projects are setup to earn revenue and invoicing in set amounts at specific intervals. Once the specific interval (called a milestone) is reached the revenue is recognised. The milestone delivery schedule is agreed with the customer prior to commencement.

##### *Customer Education*

Training revenues are recognised upon completion of the training.

##### *Hardware Maintenance*

Revenue is recognised from fixed-price support or maintenance contracts sold for hardware rateably over the contract period.

##### *Storage Managed Service*

Managed services are effectively outsourcing arrangements whereby the company manage and run customer' storage infrastructure. Revenue recognised depends upon the substance of the arrangement but in general revenue will be recognised rateably over the duration of the managed services contract.

## NOTES TO THE FINANCIAL STATEMENTS - continued

### 3 Summary of significant accounting policies - continued

#### **Commissionaire income**

Commissionaire income is earned in respect of marketing and sales support, administrative, operational and management services provided to the principal, EMC Information Systems International. Commissionaire income is recorded in "Other operating income". Commissionaire income is recognised when the costs are incurred.

#### **Taxation**

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Taxation assets and liabilities are not discounted.

#### *Current tax*

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

The directors periodically evaluate positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

#### *Deferred tax*

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

#### **Employee benefits**

The company provides a range of benefits to employees, including short term employee benefits such as annual bonus arrangements and paid holiday arrangements and post-employment benefits (in the form of a defined contribution pension plan).

#### *Short term employee benefits*

Short term employee benefits, including paid holiday arrangements and other similar non-monetary benefits, are recognised as an expense in the financial year in which employees render the related service. The company operates an annual bonus plan for employees. An expense is recognised in the profit and loss account when the company has a present legal or constructive obligation to make payments under the plan as a result of past events and a reliable estimate of the obligation can be made.

#### *Post-employment benefits*

The company operates a defined contribution plan for certain employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further contributions or to make direct benefit payments to employees if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The assets of the plan are held separately from the company in independently administered funds. The contributions to the defined contribution plan are recognised as an expense when they are due. Amounts not paid are shown in accruals in the balance sheet.

## NOTES TO THE FINANCIAL STATEMENTS - continued

### 3 Summary of significant accounting policies - continued

#### Employee benefits - continued

##### *Share-based payments*

The company's employees participate in a share-based payment arrangement established by the ultimate parent company. The employees are granted share options over equity shares of EMC Corporation. The fair value of the share options is measured at the grant date. The company recognises a share-based payment expense in profit or loss based on the grant date fair value of the share options over the vesting period, with adjustment to equity as a capital contribution.

##### **Provisions**

Provisions are liabilities of uncertain timing or amount.

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events; it is probable that a transfer of economic benefits will be required to settle the obligation; and the amount of the obligation can be estimated reliably.

Provisions are measured at the present value of the best estimate of the amount required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Provisions are reviewed at the end of each financial year and adjusted to reflect the current best estimate of the amount required to settle the obligation. The unwinding of the discount is recognised as a finance cost in profit or loss, presented as part of 'interest payable and similar charges' in the financial year in which it arises.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole.

In particular:

Restructuring provisions are recognised when the company has a legal or constructive obligation at the end of the financial year to carry out the restructuring. The company has a constructive obligation to carry out a restructuring when there is a detailed, formal plan for the restructuring and the company has raised a valid expectation in those affected by either starting to implement the plan or announcing its main features to those affected.

Provision is not made for future operating losses.

##### **Contingencies**

Contingent liabilities, arising as a result of past events, are not recognised as a liability because it is not probable that the company will be required to transfer economic benefits in settlement of the obligation or the amount cannot be reliably measured at the end of the financial year. Possible but uncertain obligations are not recognised as liabilities but are contingent liabilities. Contingent liabilities are disclosed in the financial statements unless the probability of an outflow of resources is remote.

Contingent assets are not recognised. Contingent assets are disclosed in the financial statements when an inflow of economic benefits is probable

##### **Cash and cash equivalents**

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts may arise due to the timing of cashflows and in that case are shown within borrowings in current liabilities. Cash and cash equivalents are initially measured at transaction price and subsequently measured at amortised cost.

Bank deposits which have original maturities of more than three months are not cash and cash equivalents and are presented as current asset investments.

## NOTES TO THE FINANCIAL STATEMENTS - continued

### 3 Summary of significant accounting policies - continued

#### **Leased assets**

At inception the Company assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement.

#### *Operating lease*

Operating leases that do not transfer substantially all the risks and rewards of ownership to the lessor. Payments under operating leases are recognised in the profit and loss account on a straight-line basis over the period of the lease.

#### **Financial instruments**

The company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

#### *Financial assets*

Basic financial assets, including trade and other debtors, cash and cash equivalents and short-term deposits are initially recognised at transaction price (including transaction costs), unless the arrangement constitutes a financing transaction. Where the arrangement constitutes a financing transaction the resulting financial asset is initially measured at the present value of the future receipts discounted at a market rate of interest for a similar debt instrument.

Trade and other debtors, cash and cash equivalents and financial assets from arrangements which constitute financing transactions are subsequently measured at amortised cost using the effective interest method.

At the end of each financial year financial assets measured at amortised cost are assessed for objective evidence of impairment. If there is objective evidence that a financial asset measured at amortised cost is impaired an impairment loss is recognised in profit or loss.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the assets has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

#### *Financial liabilities*

Basic financial liabilities, including trade and other payables, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortized cost using the effective interest method.

#### *Derivatives*

Derivatives, including interest rate swaps, are not basic financial instruments. Derivatives are initially recognised at fair value on the date the derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate.

**NOTES TO THE FINANCIAL STATEMENTS - continued**

**3 Summary of significant accounting policies - continued**

**Related party transactions**

The Company discloses transactions with related parties which are not wholly owned within the same Group. Where appropriate, transactions of a similar nature are aggregated unless, in the opinion of the directors, separate disclosure is necessary to understand the effect of the transactions on the financial statements.

**4 Critical accounting estimates and judgements**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

**Critical accounting estimates and assumptions**

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

**Critical judgement in applying the entity's accounting policies**

The following judgement, apart from those involving estimates, made by the directors has had significant effect on the amounts recognised in the financial statements;

*Revenue recognition*

Revenue recognition involves judgments, including estimates of fair value and selling price in arrangements with multiple elements, assessments of expected returns and the likelihood of non-payment. The directors analysis various factors, including a review of specific transactions, the credit-worthiness of our customers, our historical experience and market and economic conditions. Changes in judgments on these factors could materially impact the timing and amount of revenue and costs recognised. The directors consider each deal separately in making its judgement.

*Professional services*

The company uses the percentage-of-completion method for fixed fee professional services contracts. This requires the company to estimate the services performed to date as a proportion of the total services to be performed. The estimates are based on historical cost to completion data available and are reviewed regularly. The directors have sufficient historical data and experience to make this estimate.

*Useful economic lives of assets*

The annual depreciation charge for assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 12 for the carrying amount of the property plant and equipment, and note 3 for the useful economic lives for each class of assets.

*Useful economic lives of intangible assets*

The annual amortisation charge for intangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments and economic utilisation. See note 11 for the carrying amount of the intangible assets, and note 3 for the useful economic lives.

*Impairment of debtors*

The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other receivables, management considers factors including the credit rating of the receivable, the ageing profile of receivables and historical experience. See note 14 for the net carrying amount of the receivables and associated impairment provision.

NOTES TO THE FINANCIAL STATEMENTS - continued

4 Critical accounting estimates and judgements - continued

Critical accounting estimates and assumptions - continued

*Share-based payments*

Certain employees have been granted share-based payments entitlements by the company. Estimates have been made with regard to the likely future shares to be issued under these schemes based on historical information and using latest information available on expected exercise of entitlements. This is set out in more detail in note 23 to the financial statements.

5 Turnover

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

	2015 £'000	2014 £'000
Professional services	51,032	55,171
Hardware maintenance	93,243	82,611
Customer education and training	2,612	3,603
	<u>146,887</u>	<u>141,385</u>

6 Other Operating Income

	2015 £'000	2014 £'000
Commissionaire income	27,462	11,002
Other miscellaneous expenses	(27)	(71)
	<u>27,435</u>	<u>10,931</u>

7 Operating profit

	2015 £'000	2014 £'000
Operating profit is stated after charging/(crediting):		
Depreciation	6,975	4,003
Loss on disposal of fixed assets	27	81
Amortisation of goodwill	1,792	1,790
Operating lease charges:		
- Land and Buildings	946	1,252
- Other	12	20
Audit fees payable to the company's auditor		
- Audit of the Financial Statements	128	123
- Other services provided under legislation	26	26
Redundancy/restructuring expenses (see note 18)	1,740	1,337
Foreign exchange loss/(gain)	<u>8,413</u>	<u>(21,587)</u>

NOTES TO THE FINANCIAL STATEMENTS - continued

8 Employees and directors

**Employees**

The average monthly number of persons (including executive directors) employed during the year was:

By activity	2015 No.	2014 No.
Customer service	208	215
Sales	440	450
Professional services	172	176
Administration	45	42
	<u>865</u>	<u>883</u>

Employee costs	2015 £'000	2014 £'000
Wages and salaries	85,979	89,092
Social security costs	14,843	15,155
Equity-settled share-based payments (note 23)	1,898	2,248
Defined contribution pension costs (note 22)	3,471	3,521
	<u>106,191</u>	<u>110,016</u>

**Directors**

No emoluments or retirement benefits were payable to any director by the company during the year (2014: £Nil).

9 Net interest income	2015 £'000	2014 £'000
<b>Interest receivable and similar income</b>		
Interest receivable on loans owed by group undertakings	228	134
Other interest receivable	-	1
	<u>228</u>	<u>135</u>
<b>Interest payable and similar charges</b>		
Other interest payable	(71)	(7)
<b>Net interest income</b>	<u>157</u>	<u>128</u>

10 Taxation	2015 £'000	2014 £'000
<b>(a) Tax expense included in profit or loss</b>		
Current tax:		
United Kingdom corporation tax on profit for the year	1,384	1,990
Adjustment in respect of prior years	(884)	(345)
Total current tax	<u>500</u>	<u>1,645</u>
Deferred tax:		
Origination and reversal of timing difference	(75)	31
Adjustments in respect of previous periods	37	-
Effects of changes in tax rates	338	-
Origination and reversal of timing differences	<u>300</u>	<u>31</u>
Total deferred tax charge	<u>300</u>	<u>31</u>
<b>Tax charge on profit on ordinary activities</b>	<u>800</u>	<u>1,676</u>



## NOTES TO THE FINANCIAL STATEMENTS - continued

## 10 Taxation - continued

## (b) Reconciliation of tax charge

The tax assessed for the year is different than the standard rate of corporation tax in the UK for the year ended 31 December 2015. The differences are set out below:

	2015 £'000	2014 £'000
Profit on ordinary activities before tax	5,362	6,745
Profit multiplied by the standard rate of UK corporation tax applicable in the financial year of 20.25% (2014: 21.5%)	1,086	1,450
Effects of:		
Expenses not deductible	501	828
Capital allowance in excess of depreciation	-	(83)
Effects of group relief/other relief	(425)	-
Adjustments from previous periods	(847)	(345)
Tax rate change	338	(174)
Share option	147	-
<b>Tax charge for the financial year</b>	<b>800</b>	<b>1,676</b>

The tax rate for the current year is lower than the prior year due to changes in the UK Corporation tax rate which decreased from 21% to 20% from 1 April 2015.

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2015 on 26 October 2015. These include reductions to the main rate to reduce the rate to 19% from 1 April 2017 and to 18% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

11 Intangible assets	Documentum Europe Limited	Isilon UK	Netwitness UK	Aveska	Total
	£'000	£'000	£'000	£'000	£'000
<b>Cost</b>					
At 1 January 2014 and 31 December 2014	8,497	4,678	3,903	829	17,907
At 1 January 2015 and 31 December 2015	8,497	4,678	3,903	829	17,907
<b>Accumulated amortisation</b>					
At 1 January 2015	(6,372)	(1,286)	(1,042)	(28)	(8,728)
Charge for the financial year	(850)	(468)	(389)	(83)	(1,790)
At 31 December 2015	(7,222)	(1,754)	(1,431)	(111)	(10,518)
At 1 January 2015	(7,222)	(1,754)	(1,431)	(111)	(10,518)
Charge for the financial year	(850)	(468)	(389)	(83)	(1,790)
At 31 December 2015	(8,072)	(2,222)	(1,820)	(194)	(12,308)
<b>Net book value</b>					
At 31 December 2015	425	2,456	2,083	635	5,599
At 31 December 2014	1,275	2,924	2,472	718	7,389

## NOTES TO THE FINANCIAL STATEMENTS - continued

12 Tangible assets	Leasehold improvements	Plant and machinery	Furniture, fittings and equipment	Total
	£'000	£'000	£'000	£'000
<b>Cost</b>				
At 1 January 2014	3,544	16,979	727	21,250
Additions	374	12,195	149	12,718
Disposals	(1,725)	(889)	(5)	(2,619)
At 31 December 2014	2,193	28,285	871	31,349
At 1 January 2015	2,193	28,285	871	31,349
Additions	-	11,290	13	11,303
Disposals	(87)	(997)	(47)	(1,131)
At 31 December 2015	2,106	38,578	837	41,521
<b>Accumulated depreciation</b>				
At 1 January 2014	2,775	14,305	274	17,354
Additions	-	13	-	13
Charge for the financial year	233	3,667	103	4,003
Disposals	(1,644)	(889)	-	(2,533)
At 31 December 2014	1,364	17,096	377	18,837
At 1 January 2015	1,364	17,096	377	18,837
Charge for the financial year	178	6,699	98	6,975
Disposals	(87)	(934)	(47)	(1,068)
At 31 December 2015	1,455	22,861	428	24,744
<b>Net book value</b>				
At 31 December 2015	651	15,717	409	16,777
At 31 December 2014	829	11,189	494	12,512

13 Investments	Total £'000
Investment in subsidiary undertaking at 1 January and 31 December 2015	42,161

**Investment in subsidiary undertaking:**

Shares in subsidiary undertakings represent the entire ordinary share capital of Conchango Limited which has its registered office at Level 1, Exchange House, Primrose Street, London, EC2A 2EC. The company acts as an intermediate holding company within the EMC Group.

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

NOTES TO THE FINANCIAL STATEMENTS - continued

14 Debtors		2015 £'000	2014 £'000
Trade debtors		33,165	50,240
Other receivables		1,689	4,726
Amounts owed by group undertakings – loan balances	(i)	-	16,215
Amounts owed by group undertakings – trade balances	(ii)	91,748	89,906
Prepayments		2,061	1,545
Deferred tax	(iii)	3,034	3,334
Corporation tax receivable		501	453
		<u>132,198</u>	<u>166,419</u>

(i) Amounts owed by group undertaking (loan balances) relate to an amountS, owed by EMC International Company, amounting to £nil which charged an average interest rate of nil% (2014: £16,215,000 which charged an average interest rate of 1.04%

(ii) Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

(iii) Deferred tax asset

The company has recognised deferred tax assets which arise largely in respect of cumulative tax losses carried forward which are available as an offset in reducing future tax liabilities. The available tax losses do not expire under current legislation.

	2015 £'000	2014 £'000
An analysis of the deferred tax asset is as follows:		
Excess depreciation over capital allowances	1,536	1,368
Share based payments reserve	1,497	1,877
Short term timing differences	<u>1</u>	<u>89</u>
Total deferred tax asset	<u>3,034</u>	<u>3,334</u>
Balance at 1 January	3,334	3,365
Deferred tax charge in profit and loss account	<u>(300)</u>	<u>(31)</u>
Balance at 31 December	<u>3,034</u>	<u>3,334</u>

15 Creditors: amounts falling due within one year		2015 £'000	2014 £'000
Trade creditors	(i)	6,241	8,404
Amounts owed to group undertakings	(ii)	659	7,250
Corporation tax		24,607	30,038
Accruals and deferred income		<u>73,388</u>	<u>62,456</u>
		<u>104,895</u>	<u>108,148</u>

(i) Trade and other creditors are payable at various dates in the three months after the end of the financial year in accordance with the creditors usual and customary credit terms.

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

NOTES TO THE FINANCIAL STATEMENTS - continued

<b>16 Creditors - amounts falling due after more than one year</b>		<b>2015</b>	<b>2014</b>
		<b>£'000</b>	<b>£'000</b>
Deferred income		<u>40,962</u>	<u>47,974</u>
<b>17 Provisions for liabilities</b>		<b>Restructuring provision</b>	<b>Total</b>
		<b>£'000</b>	<b>£'000</b>
The company had the following provisions during the year:			
At 1 January 2015		370	370
Paid in the year		(2,110)	(2,110)
Charge to the income statement		<u>1,740</u>	<u>1,740</u>
At 31 December 2015		<u>-</u>	<u>-</u>
<b>18 Share capital</b>		<b>2015</b>	<b>2014</b>
		<b>£'000</b>	<b>£'000</b>
<b>1,000,000 Ordinary shares of £1 each</b>			
<b>Authorised</b>			
At 31 December		<u>10,000</u>	<u>10,000</u>
<b>140,001 Ordinary shares of £1 each</b>			
<b>Allotted and fully paid</b>			
At 31 December		<u>140</u>	<u>140</u>
<b>19 Contingent liability</b>		<b>2015</b>	<b>2014</b>
		<b>£'000</b>	<b>£'000</b>
Bank guarantee in respect of customs and excise duty		<u>3,000</u>	<u>3,000</u>
<b>20 Financial instruments</b>			
	<b>Notes</b>	<b>2015</b>	<b>2014</b>
		<b>£'000</b>	<b>£'000</b>
The company has the following financial instruments:			
Financial assets that are debt instruments measured at amortised cost:			
- Trade receivables	15	33,164	50,240
- Other receivables	15	1,689	4,726
- Amounts owed by group undertakings	15	<u>91,748</u>	<u>106,121</u>
		<u>126,601</u>	<u>161,087</u>
Cash at bank and in hand		<u>14,138</u>	<u>10,814</u>
Financial liabilities measured at amortised cost:			
- Trade creditors	16	6,241	8,404
- Amounts owed to group undertakings	16	<u>659</u>	<u>7,250</u>
		<u>6,900</u>	<u>15,654</u>

NOTES TO THE FINANCIAL STATEMENTS - continued

21 Commitments

The company had the following future minimum lease payments under non-cancellable operating leases for each of the following periods:

	2015 Land and buildings	2015 Other	2014 Land and buildings	2014 Other
Not later than one year	819	9	866	19
Later than one year and not later than five years	767	2	734	3
Later than five years	85	-	21	-
	<u>1,671</u>	<u>11</u>	<u>1,621</u>	<u>22</u>

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, £3,471,000 (2014: £3,522,000) was charged to the profit and loss account and contributions of £8,903 (2014: £NIL), were outstanding as at 31 December 2015.

23 Share-based payments

Certain employees of the company have been granted options over shares in the EMC Corporation.

The options are granted with a fixed exercise price, only the vested options are exercisable, the majority of plans have a vesting schedule of 20% per year over 5 years after the date of grant and expire (10) years after the date of grant. Meaning 20% of the options become exercisable each year for 5 years and remain exercisable until the grants expire 10 years from the date of the grant. Employees are required to remain in employment with the group throughout the (5 Years) vesting period. EMC Corporation no longer grants options.

The company recognises an equity-settled share-based payment expense based on the grant date fair value of the share options. The expense is recognised on a straight-line basis over the vesting period.

On exercise of the share options by employees of EMC Corporation the company is charged the intrinsic value of the share options by EMC Corporation. EMC Computer Systems UK was charged £ 1,897,000 (2014: £ 2,247,000) for share options exercised during the financial year and this was recognised directly in equity.

24 Dividends

	2015 £	2014 £
Dividend paid of £173.19 (2014: £Nil) per share	<u>24,286</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS - continued

25 Transition to FRS 102

This is the first year that the company has presented its results under FRS 102. The last financial statements under UK GAAP were for the year ended 31 December 2014. The date of transition to FRS 102 was 1 January 2014. Set out below are the changes in accounting policies which reconcile profit for the financial year ended 31 December 2014 and the total equity as at 1 January 2014 and 31 December 2014 between GAAP as previously reported and FRS 102.

	Financial year ended 31 December 2014 £'000
<b>Profit for the financial year</b>	
UK GAAP profit - as previously reported	5,965
Adjustments:	
Intangibles (i)	(896)
<b>FRS 102 Profit</b>	<b>5,069</b>

25 Transition to FRS 102

	As at 1 January 2014 £'000	As at 31 December 2014 £'000
<b>Total equity</b>		
UK GAAP - as previously reported	47,559	53,524
Adjustments:		
Intangibles (i)	(4,292)	(5,188)
<b>FRS 102</b>	<b>43,267</b>	<b>48,336</b>

(i) Intangibles

On transition to FRS 102, the company reviewed the useful life of its goodwill and as a result reduced its useful life from 20 years to 10 years. This resulted in an increase in its accumulated amortisation charge. At 1 January 2014, an additional accumulated amortisation charge of £4,292,000 was recognised by the company reducing the carrying value of the goodwill to £9,179,000. An additional charge to the profit and loss totalling £896,000 was recognised for the year ended 31 December 2014 reducing the carrying value to £7,389,000.

26 Post balance sheet events

On 4 July 2016 the company entered into a distribution agreement with EMC Information Systems International replacing the existing commissionaire agreement.

27 Approval of financial statements

The financial statements were approved and authorised for issue by the board of directors on 12 September 2016 and were signed on its behalf on that date.