

EMC Computer Systems (UK) Limited

Directors' Report and Financial Statements
Year ended 31 December 2014

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EMC Computer Systems (UK) Limited

Directors' Report and Financial Statements for the Year Ended 31 December 2014

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EMC Computer Systems (UK) Limited

Directors and other information

Board of directors at 15/09/ 2015

Paul. T. Dacier (U.S.)
Susan I. Permut (U.S.)

Registered office

Herbert Smith Freehills LLP
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 Freehills LLP
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

Strategic Report For The Year Ended 31 December 2014 (Continued)

The directors present their strategic report for the year ended 31 December 2014.

Review of the business

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.

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.

EMC Computer Systems (UK) Limited 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 on all revenue by receiving commissionaire income which is recorded in "Other operating income".

The key financial and other performance indicators during the year were as follows:

	2014 £'000	2013 £'000	Change %
Turnover	141,385	117,010	+21%
Gross Profit	67,199	48,348	+39%
Gross Margin	48%	41%	+7pts
Operating Profit	7,513	7,272	+3%
Profit after tax	5,965	698	+756%
Equity shareholders' funds	87,992	79,778	+10%
Current assets as a % of current liabilities ("quick ratio")	164%	168%	-4pts
Average number of employees	883	869	+2%

Turnover increased by 21% during the year primarily due to both the customer services income increasing in line with product sales and the earn out of maintenance legacy orders and PS revenue increasing in line with the local market growth

Total operating profit increased by 3% during the year. The increase was primarily due to the increase in revenue and continued cost control.

Profit after tax increased by 756%.

Shareholders' funds increased by 10% due to an increase in retained earnings.

The company's "quick ratio" (current assets as a percentage of current liabilities) has decreased by 4pts. This is down to timing of the transactions in the inter-company debtors and the cash settlement of same as opposed to an underlying change in business activities

EMC Computer Systems (UK) Limited

Strategic Report For The Year Ended 31 December 2014 (Continued)

The total average number of employees increased by 2% during the year. Headcount remains more or less flat in line with the ongoing companywide focus on efficiency

Average employee numbers are expected to remain flat into 2015. This is due to the current business model continuing into 2015 and the existing headcount will be fully utilized, plus any attrition will be offset against strategic hiring.

The number of employees participating in our employee share scheme increased by 9% during the year.

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.

EMC Computer Systems (UK) Limited

Directors' Report For The Year Ended 31 December 2014 (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 2014.

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.

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 services income which is recognised in the UK and recorded in "Turnover" for all sales except product, SAAS 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 on all revenue which is recorded in "Other operating income".

Results and dividends

The company's profit for the financial year was £5,965,000 (2013: £698,000). 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.

EMC Computer Systems (UK) Limited

Directors' Report For The Year Ended 31 December 2014 (Continued)

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.

Charitable donations

During the year, the Company has made donations to charitable organisations amounting to £26,330 (2013: £2,927).

Directors and their interests

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

Paul. T. Dacier
William. J. Teuber Jr. – Retired August 12th 2015
Susan I. Permut (U.S.) - Appointed August 12th 2015

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.

EMC Computer Systems (UK) Limited

Directors' Report For The Year Ended 31 December 2014 (Continued)

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.

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


Susan I. Permut

15/09/2015
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 2014 on pages 9 to 27 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 5, 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.

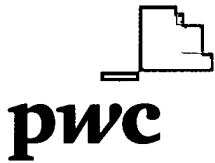
Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2014 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 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**

15 September 2015

EMC Computer Systems (UK) Limited

Profit and Loss account for the year ended 31 December 2014

	<i>Note</i>	2014 £'000	2013 £'000
Turnover	2	141,385	117,010
Cost of sales		(74,186)	(68,662)
Gross profit		67,199	48,348
Administrative expenses		(92,204)	(89,422)
Other operating income	3	32,518	48,346
Operating profit		7,513	7,272
Interest receivable and similar income	7	135	52
Interest payable and similar charges	8	(7)	(2)
Profit on ordinary activities before taxation		7,641	7,322
Tax on profit on ordinary activities	9	(1,676)	(6,624)
Profit for the financial year	18	5,965	698

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 11 to 27 form part of the financial statements.

EMC Computer Systems (UK) Limited

Balance sheet as at 31 December 2014

	<i>Note</i>	2014 £'000	2013 £'000
Fixed assets			
Intangible assets	10	12,577	13,472
Tangible assets	11	12,512	3,896
Financial assets	12	42,161	42,161
		67,250	59,529
Current assets			
Debtors	13	166,419	157,017
Cash at bank and in hand		10,814	16,580
		177,233	173,597
Creditors: amounts falling due within one year	14	(108,148)	(103,595)
Net current assets		69,085	70,002
Total assets less current liabilities		136,335	129,531
Creditors: amounts falling due after more than one year	15	(47,974)	(49,183)
Provisions for liabilities and charges	16	(370)	(570)
Net assets		87,991	79,778
Capital and reserves			
Called up share capital	17	140	140
Share based payments reserve	18	34,327	32,079
Profit and loss account	18	53,524	47,559
Equity shareholders' funds	19	87,991	79,778

The notes on pages 11 to 27 form part of the financial statements.

The financial statements on pages 9 to 27 were approved by the board of directors on 15/01/2015 and were signed on its behalf by:


Susan I. Permut

EMC Computer Systems (UK) Limited
Registered number: 2051360

EMC Computer Systems (UK) Limited

Notes To The Financial Statements For The Year Ended 31 December 2014

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 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 the principal EMC Information Systems International and for administrative, operational and management services provided to the principal EMC Information Systems International 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 2014 (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 2014 (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 2013.

EMC Computer Systems (UK) Limited

Notes To The Financial Statements For The Year Ended 31 December 2014 (Continued)

2 Turnover

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

	2014 £'000	2013 £'000
Professional services	55,171	43,510
Hardware and software maintenance	82,611	70,523
Customer education and training	3,603	2,977
Total turnover	141,385	117,010

Turnover is derived from external customers.

3 Other Operating Income

	2014 £'000	2013 £'000
Commissionaire income	11,002	58,377
Foreign Exchange - gain/(loss)	21,587	(9,972)
Capitalisation of Aveska UK Limited goodwill	-	829
Other miscellaneous income	(71)	(888)
	32,518	48,346

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 gain of £21,587,000. The balance is 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 2014 (Continued)

4 Operating profit

Operating profit is stated after charging/(crediting):

	2014 £'000	2013 £'000
Depreciation on owned tangible fixed assets (see note 11)	4,003	2,884
Loss on disposal of fixed assets	81	9
Amortisation of goodwill (see note 10)	895	854
Auditors' remuneration:		
- Audit of the Financial Statements	123	88
- Other services provided under legislation	26	26
Redundancy/restructuring expenses (see note 16)	1,337	807
Operating lease rentals in respect of:		
- Plant and machinery (including motor vehicles)	20	64
- Land and buildings	1,252	2,479

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 (2013: £nil). There are no benefits accruing to directors (2013: £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 2014 (Continued)

6 Employee Information

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

	2014 Number	2013 Number
By division:		
Sales	450	452
Customer Service Technicians	215	216
Professional Services	176	163
Administration	42	38
	883	869

	2014 £'000	2013 £'000
Staff costs during the year were as follows:		
- Wages and salaries	89,092	84,895
- Social security costs	17,051	13,831
- Other pension costs (see note 22)	1,625	3,426
- Equity-settled share-based payments (see note 23)	2,248	2,451
	110,016	104,603

7 Interest Receivable and Similar Income

	2014 £'000	2013 £'000
Other Interest receivable	1	1
Loan Interest receivable	134	51
	135	52

EMC Computer Systems (UK) Limited

Notes To The Financial Statements For The Year Ended 31 December 2014 (Continued)

8 Interest Payable and Similar Charges

	2014 £'000	2013 £'000
Interest payable to HMRC	7	2
	7	2

9 Tax on Profit on Ordinary Activities

	2014 £'000	2013 £'000
Current tax:		
UK corporation tax based on the profit for the year at 21.50% (2013: 23.25%)	1,990	1,427
Adjustments in respect of previous periods	(345)	(34)
Total current tax charge	1,645	1,393
Deferred tax :		
Origination and reversal of timing differences (see note 13)	31	5,231
Tax on profit on ordinary activities	1,676	6,624

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:

	2014 £'000	2013 £'000
Profit on ordinary activities before taxation	7,641	7,322
Profit on ordinary activities multiplied by the average rate of UK corporation tax applicable in the financial year of 21.50% (2013: 23.25%)	1,643	1,702
Effects of:		
Expenses not deductible for tax purposes	604	568
Capital allowances for the period in excess of depreciation	(83)	1
Utilisation of Group Losses from fellow Subsidiary	-	(626)
Adjustments to tax charge in respect of previous periods	(345)	(34)
Other timing differences	(174)	(218)
Total current tax charge	1,645	1,393

EMC Computer Systems (UK) Limited

Notes To The Financial Statements For The Year Ended 31 December 2014 (Continued)

10 Intangible Assets

	Documentum Europe Limited £'000	Isilon Systems UK Limited £'000	Netwitness International Corporation £'000	Aveska UK Limited £'000	Total £'000
Goodwill					
Cost					
At 1 January and 31 December 2014	8,497	4,678	3,903	829	17,907
Accumulated Amortisation					
At 1 January 2014	(3,258)	(643)	(520)	(14)	(4,435)
Charge for year	(425)	(234)	(195)	(41)	(895)
At 31 December 2014	(3,683)	(877)	(715)	(55)	(5,330)
Net book value					
At 31 December 2014	4,814	3,801	3,188	774	12,577
At 31 December 2013	5,239	4,035	3,383	815	13,472

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, Netwitness International Corporation in April 2011 and Aveska UK Limited in August 2013.

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 2014 (Continued)

11 Tangible Assets

	Leasehold Improvements £'000	Plant and Machinery £'000	Fixtures and Fittings £'000	Total £'000
Cost				
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
Accumulated Depreciation				
At 1 January 2014	2,775	14,305	274	17,354
Additions	-	13	-	13
Charge for year	233	3,667	103	4,003
Disposals	(1,644)	(889)	-	(2,533)
At 31 December 2014	1,364	17,096	377	18,837
Net book value				
At 31 December 2014	829	11,189	494	12,512
At 31 December 2013	769	2,674	453	3,896

12 Financial Assets

Investment in subsidiary undertakings

	Company Conchango Limited
	£'000
At 1 January and 31 December 2014	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 2014 (Continued)

13 Debtors

	2014 £'000	2013 £'000
Amounts falling due within one year:		
Trade debtors	50,240	40,704
Amounts owed by group undertakings – loan balances	16,215	8,243
Amounts owed by group undertakings – trade balances	89,906	100,312
Other debtors	4,726	2,126
Corporation Tax Receivable	453	767
Deferred taxation (a)	3,334	3,365
Prepayments	1,545	1,500
	166,419	157,017

Amounts owed by group undertakings (loan balances) relate to an amount owed by EMC (Benelux) B.V. of £16,214,715 which charged an average interest rate of 1.041% in 2014.

(a) The deferred tax asset comprises:	2014 £'000	2013 £'000
Excess of capital allowances over depreciation	1,368	1,440
Short term timing differences	89	90
Share based payments reserves (b)	1,877	1,835
	3,334	3,365
At 1 January 2014	3,365	8,596
Debit to profit and loss account (see note 9)	(31)	(5,231)
At 31 December 2014	3,334	3,365

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.

(b) The deferred tax asset recognised in relation to share options is calculated by applying the corporation tax rate to the accounting charge recognised within the share based payment reserve for all unexercised options. The opening deferred tax asset reflects the same calculation as above but for both exercised and unexercised share options. An adjustment has been processed through the financial statements for year end 31/12/2014 to reflect deferred tax only on unexercised share options.

EMC Computer Systems (UK) Limited

Notes To The Financial Statements For The Year Ended 31 December 2014 (Continued)

14 Creditors: Amounts Falling Due Within One Year

	2014 £'000	2013 £'000
Trade creditors	8,404	3,203
Amounts owed to group undertakings – trade balances	7,250	25,392
Taxation and social security payable	30,038	29,792
Accruals and deferred income	62,456	45,208
	108,148	103,595

15 Creditors: Amounts Falling Due After More Than One Year

	2014 £'000	2013 £'000
Deferred revenue	47,974	49,183

16 Provisions for Liabilities and Charges

	2014		2013	
	Redundancy £'000	Total £'000	Redundancy £'000	Total £'000
At 1 January 2014	570	570	361	361
Charge to profit and loss account (see note 4)	1,337	1,337	807	807
Paid or utilised during the year	(1,537)	(1,537)	(598)	(598)
At 31 December 2014	370	370	570	570

A redundancy provision of £370,000 exists in 2014 (2013: £570,000) 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 2014 (Continued)

17 Called-up Share Capital

	2014 £'000	2013 £'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 2014	140	140

18 Reserves

	Share based payments reserve £'000	Profit and loss account £'000	Total £'000
At 1 January 2014	32,079	47,559	79,638
Profit for the financial year	-	5,965	5,965
Allotted share based payments reserve (see note 23)	2,248	-	2,248
At 31 December 2014	34,327	53,524	87,851

19 Reconciliation of Movements in Equity Shareholders' Funds

	2014 £'000	2013 £'000
Profit for the financial year	5,965	698
Allotted to share based payment reserve (see note 23)	2,248	2,451
Net addition to shareholders' funds	8,213	3,149
Equity shareholders' funds at 1 January 2014	79,778	76,629
Equity shareholders' funds at 31 December 2014	87,991	79,778

EMC Computer Systems (UK) Limited

Notes To The Financial Statements For The Year Ended 31 December 2014 (Continued)

20 Contingent Liabilities

	2014 £'000	2013 £'000
Bank guarantee in respect of customs and excise duty	3,000	3,000

21 Operating Lease Commitments

At 31 December 2014 the company had annual commitments under non-cancellable operating leases which expire as follows:

	Land & buildings 2014 £'000	Other 2014 £'000	Land & buildings 2013 £'000	Other 2013 £'000
Expiring within one year	132	18	53	11
Expiring between two and five years inclusive	713	3	845	-
Expiring in more than five years	21	-	26	-
	866	21	924	11

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, £3,522,000 (2013: £3,426,000) was charged to the profit and loss account and contributions of £NIL (2013: £634,000), were outstanding as at 31 December 2014.

EMC Computer Systems (UK) Limited

Notes To The Financial Statements For The Year Ended 31 December 2014 (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 February and 1 August, and are exercisable on the succeeding 31 July or 31 January.

Share-based payments reserve

	2014 £'000	2013 £'000
At 1 January	32,079	29,628
Employee share options	2,248	2,451
At 31 December	34,327	32,079
Related deferred tax asset (See note 13)	1,877	1,835

EMC Computer Systems (UK) Limited

Notes To The Financial Statements For The Year Ended 31 December 2014 (Continued)

25 Approval of the Financial Statements

The financial statements were approved by the board on 15/09/2015.