

SPECIALIST COMPUTER CENTRES PLC
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2013

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SPECIALIST COMPUTER CENTRES PLC

COMPANY INFORMATION

Directors

Sir Peter Rigby
Ms P Rigby
Mr J Rigby
Mr S Rigby
Mr I P Scott
Mr M J Swain
Mrs P A Swain
Mrs T Westall
Mr P Everatt
Mr J Bland

Secretary

Mr O G Williams

Company number

01428210

Registered office

James House
Warwick Road
Birmingham
B11 2LE

Auditor

Deloitte LLP
Chartered Accountants & Statutory Auditor
1 Woodborough Road
Nottingham
NG1 3FG

Bankers

HSBC Bank plc
4th Floor
120 Edmund Street
Birmingham
B3 2QZ

Solicitors

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Birmingham
B3 2AS

SPECIALIST COMPUTER CENTRES PLC
CONTENTS

	Page
Directors' report	1 – 6
Independent auditor's report	7 – 8
Profit and loss account	9
Balance sheet	10
Notes to the financial statements	11 – 27

SPECIALIST COMPUTER CENTRES PLC

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2013

The directors present their report and financial statements for the year ended 31 March 2013

Principal activities

The principal activities of the company are the provision of systems integration services and products related to the large scale computing requirements of major UK organisations. A significant proportion of the company's revenues and profit is generated from the provision of services. The company is part of the Rigby Group (RG) plc (formerly Rigby Family Holdings Limited) ("RG") group.

Business review

The company experienced another profitable year's trading, retaining a profit after tax of £9m and net assets growing to £91m. Whilst trading conditions remained competitive, turnover growth of 3.6% was achieved and gross margins at 12.1% were consistent with expectations and only slightly lower than the prior year.

During the year, the mix of staff resources evolved towards the higher skill set required to support recent investments in Data Centre infrastructure, resulting in an increase in overheads.

SCC UK's services operations continued to perform well with revenues stable at £114.5m, representing 17% of the company's total revenues.

The services business is well positioned for year ending 31 March 2014 following an unprecedented number of large managed services annuity contract acquisitions in our strongest ever period of new business wins.

These contracts which alone account for up to £50m worth of revenue, include deals with Marie Curie Cancer Care, Wales & West Utilities, Komica Minolta and GIST, among others.

The company's Secure Multi-Tenanted Cloud service (SMTC), for which we were the first UK provider to achieve Pan-Government Accreditation, continued to grow following a £3m Cloud service contract with Mersey Care NHS Trust.

This year, the company showcased early adopters and innovative Cloud solutions from SME software vendors, the likes of which included FutureGov, Alliantist, IIZUKA and NQC Limited. Our presence in the public sector also advanced due to large wins with Oxfordshire County Council and Birmingham Community Healthcare.

In collaboration with high-profile organisations such as the BBC and NEC Group (ICC), the company's Visual Communications division has gone from strength-to-strength. Two additional unified comms projects at the BBC's New Broadcasting House in London followed an initial fit out of the Media City site in Salford.

The strong performance was underpinned by award wins across its divisions, named Electrical and Electronic Equipment Recycler of the Year at the National Recycling Awards 2013 and recipient of the Oracle Excellence Award for Specialized Partner of the Year – Europe, Middle East, and Africa in Systems and Storage.

Continuing investments were made in the company's dedicated public and private sector Data Centre facilities which at the end of the period were recorded as assets under construction at the period end and which will come into full operation during the year ending March 2014.

Working capital balances have been significantly impacted by the RG group's disposal of its IT distribution companies in the UK. Specialist Distribution Group (SDG) Limited ("SDG") and ISI Distribution Limited ("ISI") to Tech Data Corporation Inc. Distribution related inventory and trade creditors previously recorded in the company were transferred to SDG and ISI in October 2012. Inventory has reduced from £33.9m to £4.8m and trade creditors have reduced from £70.7m to £5.7m. The working capital balances at 31 March 2013 reflect the true underlying balances relating to the company.

Trade receivables rose by £21.6m as trading in the month of March 2013 was higher than that experienced in the month of March 2012. Days' Sales Outstanding remained consistent year on year at 34 days outstanding.

SPECIALIST COMPUTER CENTRES PLC

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2013

Business review (continued)

Key Performance Indicators

The company produces detailed management reports and accounts on a monthly basis and a number of Key Performance Indicators ("KPI's") are an integral part of this process. The monthly management reports and accounts focus on the actual performance of the business compared to the budget set for the current financial year and the comparable period of the previous financial year.

The financial KPI's that are a part of this review process include turnover growth, gross profit percentage, overhead costs as a percentage of sales and pre-tax return on sales. Working capital management includes inventory days, trade receivable days outstanding, overdue trade receivables and trade creditor days.

Non-financial measures include employee turnover, employee numbers and sales revenue per employee. In addition, a significant number of other operational KPI's are monitored in relation to the company's performance in respect of contractual arrangements with both customers and suppliers.

The table below sets out the key KPI's

KPI	2013	2012
Turnover growth ¹	3.6%	13.6%
Gross profit percentage ²	12.1%	12.6%
Overhead costs percentage ³	11.1%	11.0%
Return on sales ⁴	1.1%	1.5%
Revenue per employee (£'000) ⁵	375	361

1 Turnover growth measures the change in turnover from continuing operations

2 Gross profit percentage is defined as gross profit from continuing operations expressed as a percentage of turnover from continuing operations

3 Overhead costs percentage is defined as the aggregate of distribution costs and administrative expenses excluding exceptional items expressed as a percentage of turnover from continuing operations

4 Return on sales is defined as the profit before taxation and exceptional items from continuing operations expressed as a percentage of turnover from continuing operations

5 Revenue per employee is defined as turnover divided by the average number of employees throughout the year

The performance of the RG group is set out in more detail in the Chairman's Statement and Directors' Report of that company.

SPECIALIST COMPUTER CENTRES PLC

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2013

Principal risks and uncertainties

Competitive pressures in the UK market where the company generates almost all of its revenue represent a continuing risk. The company manages this risk by providing a high standard of service to its customers through fast response times in supplying products and handling queries. The company benefits from a number of long standing relationships with many substantial suppliers and customers. All these relationships are the focus of significant management attention at all levels in the organisation to minimise any adverse impact on the financial performance of the company.

The company's sales are primarily denominated in Sterling and associated costs relating to the revenue are substantially in the same currency. Due to the nature of the company's business the only significant financial risks the directors consider relevant are the credit and liquidity risks.

These are mitigated as follows:

Credit risk

The company's principal financial assets are cash and trade debtors. The credit risk associated with cash balances is limited as the counter parties have high credit ratings assigned by international credit - rating agencies. The principal credit risk arises therefore from its trade debtors.

In order to manage credit risk, the directors set limits for customers based on a combination of payment history and third party credit references. Credit limits are reviewed by the credit control function on a regular basis in conjunction with debt ageing and collection history. A significant proportion of trade debtors are also covered by credit insurance.

Liquidity and funding risk

The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

The company and the RG group has one principal source of external funding in the UK, which has a maturity date in February 2015.

SPECIALIST COMPUTER CENTRES PLC

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2013

Going Concern

After making enquiries, the directors have a reasonable expectation that the company has access to adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in note 1 to the financial statements.

Environment

The company recognises the importance of its environmental responsibilities in all the markets in which it operates. In all activities, working practices, and business relationships, the company continuously works towards protecting, conserving and enhancing all aspects of the environment. In order to achieve these objectives, the company seeks to always meet the necessary regulatory requirements and continues to raise awareness of all employees to environmental issues. The company will always seek to minimise any impact on the environment through appropriate schemes, such as recycling, and manage all sites in an environmentally sensitive manner. The company has put in place the necessary systems to manage, control and monitor performance in respect of environmental matters.

Directors

The following directors have held office since 1 April 2012:

Sir Peter Rigby

Ms P Rigby

Mr J Rigby

Mr S Rigby

Ms J C Raybould

(Resigned 3 December 2012)

Mr I P Scott

Mr M J Swain

Mrs P A Swain

Mrs T Westall

Mr P Everatt

Mr J Bland

Directors' indemnities

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

SPECIALIST COMPUTER CENTRES PLC

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2013

Directors' Responsibilities Statement

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Supplier payment policy

The company's policy is to settle terms of payments with suppliers when agreeing the terms of each transaction, ensure the suppliers are made aware of the terms of payment and abide by the terms of payment. Trade creditors of the company at 31 March 2013 were equivalent to 66 days' (2012 - 66 days') purchases based on the average daily amount invoiced by suppliers.

Charitable contributions and political donations

During the year the company made charitable donations of £Nil (2012 - £Nil)

There were no political contributions made during the year (2012 - £Nil)

SPECIALIST COMPUTER CENTRES PLC

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2013

Employees

Details of the number of employees and associated costs are disclosed in note 5 to the financial statements

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the company continues and that appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

The company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the company. This is achieved through formal and informal meetings and communications on the company's internal and external websites. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests.

Statement of disclosure to auditor

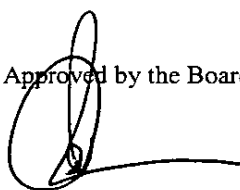
Each of the directors at the date of approval of this report confirms that

- so far as the directors are aware, there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of S418 of the Companies Act 2006.

A resolution to reappoint Deloitte LLP as the company's auditor will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors and signed on behalf of the Board



Mr J Rigby
Director
27 September 2013

SPECIALIST COMPUTER CENTRES PLC

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF SPECIALIST COMPUTER CENTRES PLC

We have audited the financial statements of Specialist Computer Centres plc for the year ended 31 March 2013 which comprise the Profit and Loss account, the Balance Sheet and the related notes 1 to 21, set out on pages 9 to 27. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 4, 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). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 March 2013 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.

SPECIALIST COMPUTER CENTRES PLC


INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE MEMBERS OF SPECIALIST COMPUTER CENTRES PLC

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, or
- the director was not entitled to take advantage of the small companies exemption in preparing the Directors' Report



Mark Doleman FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP

Chartered Accountants & Statutory Auditor
1 Woodborough Road
Nottingham
NG1 3FG
27 September 2013

SPECIALIST COMPUTER CENTRES PLC
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2013

	Notes	2013 £'000	2012 £'000
Turnover	2	665,303	642,459
Cost of sales		(584,498)	(561,781)
Gross profit		80,805	80,678
Distribution costs		(26,015)	(24,456)
Administrative expenses		(47,562)	(46,356)
Other operating income		107	128
Operating profit		7,335	9,994
Interest payable and similar charges	3	(240)	(326)
Profit on ordinary activities before taxation	4	7,095	9,668
Tax on profit on ordinary activities	7	1,990	(2,711)
Profit for the year		9,085	6,957

The profit and loss account has been prepared on the basis that all operations are continuing operations

There are no recognised gains and losses other than those passing through the profit and loss account

SPECIALIST COMPUTER CENTRES PLC

BALANCE SHEET

AS AT 31 MARCH 2013

	Notes	£'000	2013 £'000	£'000	2012 £'000
Fixed assets					
Intangible assets	8		2,934		3,456
Tangible assets	9		30,757		28,850
Investments	10		74		74
			<u>33,765</u>		<u>32,380</u>
Current assets					
Stocks	11	4,802		33,936	
Debtors	12	174,185		229,462	
Cash at bank and in hand		119,356		95,896	
		<u>298,343</u>		<u>359,294</u>	
Creditors amounts falling due within one year	13	(235,485)		(300,579)	
Net current assets			<u>62,858</u>		<u>58,715</u>
Total assets less current liabilities			<u>96,623</u>		<u>91,095</u>
Creditors: amounts falling due after more than one year	14		(4,822)		(7,469)
Provisions for liabilities	15		(977)		(1,887)
			<u>90,824</u>		<u>81,739</u>
Capital and reserves					
Called up share capital	16		1,000		1,000
Profit and loss account			89,824		80,739
Shareholders' funds	17		<u>90,824</u>		<u>81,739</u>

Approved by the Board and authorised for issue on 27 September 2013


Mr J Rigby
Director

Company Registration No. 01428210

SPECIALIST COMPUTER CENTRES PLC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013

1 Accounting policies

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards. The particular accounting policies adopted are described below. These have been applied consistently throughout the year and preceding year.

1.1 Basis of accounting

The financial statements are prepared under the historical cost convention.

The company has taken advantage of the exemption from preparing consolidated financial statements afforded by S400 of the Companies Act 2006 because it is a wholly owned subsidiary of Rigby Group (RG) plc (formerly Rigby Family Holdings Limited), which prepared consolidated financial statements which are publicly available. The company is also, on this basis, exempt from the requirement of Financial Reporting Standard Number 1 to present a cash flow statement.

1.2 Going concern

The company's business activities, together with factors likely to affect its future developments, performance and position are set out in the Business Review on pages 1 to 3. The director's report on pages 1 to 6 describes the financial position of the company, its financial risk management objectives and its exposure to credit risk and liquidity risk.

The company is part of the Rigby Group (RG) plc (formerly Rigby Family Holdings Limited) ("RG"), which has secured banking facilities in both the UK and Continental Europe which are used to meet its day to day working capital requirements. The current economic conditions create uncertainty particularly over (a) the level of demand for the group's products and services, (b) the exchange rate between Sterling and Euro and (c) the availability of bank finance in the foreseeable future.

The group has one primary source of external finance in the UK where loans and an overdraft are secured over the trade receivables of the company. The UK facility which is due to expire in February 2015. On 1 November 2012, the RG group disposed of its distribution subsidiaries in the UK, France and the Netherlands to Tech Data Corporation Inc. The total cash consideration received from Tech Data Corporation Inc on 1 November 2012 was circa £197 million.

The company and the RG group's forecasts and projections, taking account of reasonable possible changes in trading performance, show that the group and company should be able to operate within the level of its current facilities and available cash resources.

As a consequence, the directors believe that the group is well placed to manage its business risks successfully despite the current uncertain economic outlook.

The directors have a reasonable expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

1.3 Goodwill

Goodwill arising on the acquisition of businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight line basis over its expected useful economic life of 10 years. Provision is made for any impairment.

SPECIALIST COMPUTER CENTRES PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2013

1 Accounting policies (continued)

1.4 Tangible fixed assets and depreciation

Tangible fixed assets other than freehold land are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Leasehold buildings	40 to 50 years
Fixtures and equipment	3 to 10 years
Motor vehicles	3 to 5 years
Short leasehold improvements	10 years

The cost and depreciation attributable to leasehold improvements is included within leasehold buildings.

Depreciation is not provided on assets in the course of construction until the asset is complete and ready for its intended use.

Residual value is calculated on prices prevailing at the date of acquisition.

1.5 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

1.6 Stock

Goods held for resale are stated at the lower of cost and net realisable value. Provision is made for obsolete, slow-moving or defective items where appropriate.

Maintenance stocks are stated at cost less a provision which is held to write-off the cost over a three year period.

1.7 Taxation

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is 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. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more than likely that there will be suitable taxable profits from which the future reversal of the 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 a non-discounted basis.

SPECIALIST COMPUTER CENTRES PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2013

1 Accounting policies (continued)

1.8 Turnover

Turnover represents amounts receivable for goods and services provided in the normal course of business, net of trade discounts, VAT and other sales related taxes. Revenue is recognised when persuasive evidence of an arrangement with a customer exists, delivery has occurred or all significant performance obligations have been completed, the price is fixed or determinable and the collection of the amount due is reasonably assured. Income from service contracts is recognised on a straight line basis over the period of the contracts.

1.9 Lease accounting

Lease contracts sold

The sale proceeds of lease contracts sold to financial institutions or lease-financing companies, representing the present value of future rental streams and the contractual residual value of the equipment sold, are recorded as turnover at the time of the sale.

Lease contracts not subsequently reassigned

(a) Finance leases

Lease contracts which are not subsequently reassigned and which transfer substantially all of the risks and rewards of ownership to the lessee are classified as finance leases.

Finance leases are accounted for on the basis of gross receivables less unearned income and provision for bad debts, and are included within debtors. Unearned income is allocated to future periods to give a constant periodic rate of return on the net investment.

(b) Operating leases

Other lease contracts which are not subsequently reassigned are classified as operating leases and the equipment is recorded at cost in fixed assets. Depreciation is charged on a reducing balance basis to bring the equipment to a net book value based on the estimated market value.

Rental income from such leases is recognised on a straight line basis over the period of the contract. Rental costs represent the depreciation charge of the leased equipment.

Leased assets

Assets held under finance leases, which confer rights and obligations similar to those attached to owned assets are capitalised as tangible fixed assets and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant rate of charge on the balance of capital repayments outstanding. Hire purchase transactions are dealt with similarly, except that assets are depreciated over their useful lives.

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis.

SPECIALIST COMPUTER CENTRES PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2013

1 Accounting policies (continued)

1.10 Pension costs

The company makes contributions to a defined contribution Group Personal Pension Plan. The amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

1.11 Foreign currency translation

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction or, if hedged, at the forward contract rate. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date or, if appropriate, at the forward contract rate. All exchange differences are included in the profit and loss account.

1.12 Derivative financial statements

The company uses derivative financial instruments to reduce exposure to foreign exchange risk. The company does not hold or issue derivative financial instruments for speculative purposes.

For a forward foreign exchange contract or a forward tracker option contract to be treated as a hedge the instrument must be related to actual foreign currency assets or liabilities or to a probable commitment. It must involve the same currency or similar currencies as the hedged item and must also reduce the risk of foreign currency exchange movements on the company's operations. Gains and losses arising on these contracts are deferred and recognised in the profit and loss account, or as adjustments to the carrying amount of fixed assets only when the hedged transaction has itself been reflected in the company's financial statements.

If an instrument ceases to be accounted for as a hedge, for example because the underlying hedged position is eliminated, the instrument is marked to market and any resulting profit or loss recognised at that time.

At each period end, the fair value of derivative financial instruments is calculated and disclosed within the financial statements where material.

1.13 Finance costs

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards. The particular accounting policies adopted are described below. These have been applied consistently throughout the year and preceding year.

1.14 Rebates and marketing income

Vendor rebates, allowances and marketing income are recorded as a reduction to cost of sales in the period in which the related goods and services are provided, or deducted from the cost of stock as appropriate in accordance with the underlying agreement with the vendor. Amounts received that require specific performance are recognised when the performance is satisfied, the amount is fixed and determinable and the collection is reasonably assured. Lump sum payments received in advance of performance are recognised over the life of the agreement.

SPECIALIST COMPUTER CENTRES PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2013

1 Accounting policies (continued)

1.15 Government grants

Government grants relating to tangible fixed assets are treated as deferred income and released to the profit and loss account over the expected useful lives of the assets concerned. Other grants are credited to the profit and loss account as the related expenditure is incurred.

2 Segmental information

The whole of the company's turnover and operating profit derives from the company's principal activities which originate in the United Kingdom. The turnover in the company is attributable to one business unit, which is the provision of systems integration services and products related to the large scale computing requirements of major UK organisations. An analysis of turnover by geographical destination is given below.

Geographical market

	2013 £'000	2012 £'000
United Kingdom	655,583	630,919
Continental Europe	9,639	11,260
Rest of the World	81	281
	<u>665,303</u>	<u>642,460</u>

The whole of the company's operating profit is earned, and all net assets are held, in the United Kingdom.

3 Interest payable

	2013 £'000	2012 £'000
On bank loans and overdrafts	-	10
Hire purchase interest and finance lease	161	149
Other interest	79	167
	<u>240</u>	<u>326</u>

SPECIALIST COMPUTER CENTRES PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2013

4 Profit on ordinary activities before taxation	2013	2012
	£'000	£'000
Profit on ordinary activities before taxation is stated after charging		
Amortisation of intangible assets	522	676
Depreciation of tangible assets	5,549	5,438
Loss on disposal of tangible assets	-	101
Operating lease rentals - other	5,092	6,334
Fees payable to the company's auditor for the audit of the company's annual financial statements	62	72
and after crediting		
Profit on disposal of tangible assets	(56)	-
Profit on foreign exchange transactions	(138)	(175)
Government grant income	(107)	(128)

Amounts payable to the auditor by the company in respect of non-audit services were £Nil (2012 - £Nil)

5 Employees

Number of employees

The average monthly number of employees (including directors) during the year was

	2013	2012
	Number	Number
Sales	343	346
Engineering	992	1,014
Administrative	273	261
Warehouse	164	161
	<u>1,772</u>	<u>1,782</u>

Employment costs

	2013	2012
	£'000	£'000
Wages and salaries	64,671	61,873
Social security costs	7,379	7,185
Other pension costs	1,274	1,029
	<u>73,324</u>	<u>70,087</u>

SPECIALIST COMPUTER CENTRES PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2013

6	Directors' remuneration and transactions	2013	2012
		£'000	£'000
	Remuneration		
	The remuneration of the directors was as follows		
	Remuneration for qualifying services	1,746	1,766
	Company pension contributions to defined contribution schemes	150	77
		<u>1,896</u>	<u>1,843</u>

The above amounts do not include any gains made on the exercise of share options or the value of any shares or share options received. No directors exercised share options in the year (2012 - Nil). During the year, no share options were granted to the directors (2012 - Nil).

The emoluments of Sir Peter Rigby, Ms P A Rigby and Messrs J Rigby and S P Rigby are paid by another group company. It is not practicable to determine the proportions of such emoluments which are attributable to the directors' services to the company. The total emoluments for these directors are taken into account in the disclosure of directors' emoluments in the financial statements of Rigby Group (RG) plc (formerly Rigby Family Holdings Limited), the ultimate parent undertaking.

Pensions

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 7 (2012 - 7).

Highest-paid director

Remuneration disclosed above include the following amounts paid to the highest paid director

	2013	2012
	£'000	£'000
Remuneration for qualifying services	319	380
Company pension contributions to defined contribution schemes	89	17
	<u>408</u>	<u>397</u>

The highest paid director exercised no share options during the year (2012 - Nil) and was granted no share options during the year (2012 - Nil).

SPECIALIST COMPUTER CENTRES PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2013

7 Taxation	2013 £'000	2012 £'000
Domestic current year tax		
UK corporation tax	116	1,875
Adjustment for prior years	(1,355)	(206)
	<hr/>	<hr/>
Total current tax	(1,239)	1,669
	<hr/>	<hr/>
Deferred tax		
Origination and reversal of timing differences	(454)	93
Deferred tax adjustments arising in previous periods	(297)	949
	<hr/>	<hr/>
	(751)	1,042
	<hr/>	<hr/>
	(1,990)	2,711
	<hr/>	<hr/>
Factors affecting the tax charge for the year		
Profit on ordinary activities before taxation	7,095	9,668
	<hr/>	<hr/>
Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 24% (2012 - 26%)	1,703	2,514
	<hr/>	<hr/>
Effects of		
Expenses not deductible for tax purposes	220	209
Depreciation in excess of capital allowances	498	56
Other timing differences	(217)	(344)
Impact of change in UK corporation tax rate on deferred tax	20	(8)
Brought forward losses utilised	(6)	(9)
Receipt of group relief not paid for	(2,102)	(543)
Adjustment to tax charge in respect of previous periods	(1,355)	(206)
	<hr/>	<hr/>
	(2,942)	(845)
	<hr/>	<hr/>
Current tax charge for the year	(1,239)	1,669
	<hr/>	<hr/>

The company earns its profits primarily in the UK, therefore the tax rate used for tax on profit on ordinary activities is the standard rate for UK corporation tax, currently 24%

The corporation tax rate reduced from 28% to 26% with effect from 1 April 2011. The Government previously announced that the main rate of corporation tax would reduce by a further 1% per annum to 23% with effect from 1 April 2014. On 17 July 2012, the Government announced that the tax rate would be reduced to 23% with effect from 1 April 2013, with a further annual 1% reduction to 22% by 1 April 2014. The UK Government has also indicated that it intends to enact further reductions in the main tax rate to 21% from 1 April 2014 and 20% from 1 April 2015. These tax rate reductions had not been enacted at the balance sheet date and therefore have not been reflected in these financial statements.

The legislation to reduce the tax rate to 24% with effect from 1 April 2012 was substantively enacted on 21 March 2012 and therefore has been reflected in the financial statements for the purpose of calculating deferred tax assets and liabilities (2012 - 26%). The effect of the further tax rate reductions on the deferred tax balance will be accounted for in the periods in which the future tax rate reductions are substantively enacted.

SPECIALIST COMPUTER CENTRES PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2013

8 Intangible fixed assets

	Goodwill £'000
Cost	
At 1 April 2012 and at 31 March 2013	6,879
Amortisation	
At 1 April 2012	3,423
Charge for the year	522
At 31 March 2013	3,945
Net book value	
At 31 March 2013	2,934
At 31 March 2012	3,456

9 Tangible fixed assets

	Leasehold buildings	Fixtures and equipment	Assets in the course of construction	Motor vehicles	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 April 2012	21,524	15,057	2,613	2,126	41,320
Additions	519	3,140	4,173	359	8,191
Reclassification	89	(89)	-	-	-
Disposals	(962)	(745)	-	(211)	(1,918)
At 31 March 2013	21,170	17,363	6,786	2,274	47,593
Depreciation					
At 1 April 2012	4,150	7,061	-	1,259	12,470
On disposals	(661)	(318)	-	(204)	(1,183)
Reclassification	13	(13)	-	-	-
Charge for the year	1,877	3,323	-	349	5,549
At 31 March 2013	5,379	10,053	-	1,404	16,836
Net book value					
At 31 March 2013	15,791	7,310	6,786	870	30,757
At 31 March 2012	17,374	7,996	2,613	867	28,850

SPECIALIST COMPUTER CENTRES PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2013

9 Tangible fixed assets (continued)

Included above are assets held under finance leases or hire purchase contracts as follows

	Leasehold buildings £'000	Fixtures and equipment £'000	Motor vehicles £'000	Total £'000
Net book values				
At 31 March 2013	2,761	-	769	3,530
At 31 March 2012	3,069	-	398	3,467
Depreciation charge for the year				
At 31 March 2013	308	-	200	508
At 31 March 2012	308	155	259	722

Cumulative finance costs capitalised included in the cost of tangible fixed assets amounted to £134,000 (2012 - £134,000)

10 Fixed asset investments

	Shares in subsidiary undertakings £'000
Cost	
At 1 April 2012 and at 31 March 2013	1,920
Provisions for diminution in value	
At 1 April 2012 and at 31 March 2013	1,846
Net book value	
At 31 March 2013	74
At 31 March 2012	74

SPECIALIST COMPUTER CENTRES PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2013

10 Fixed asset investments (continued)

Subsidiary undertakings

The company has investments in the following subsidiary undertakings. To avoid a statement of excessive length, details of investments which are not significant have been omitted

Subsidiary	Country of Incorporation	Principal Activity	Percentage holding %
The Byte Shop Limited	England and Wales	Dormant	100
TW2 Communications Limited	England and Wales	Dormant	100
Kavanagh Enterprises Limited	England and Wales	Dormant	100
Technical Support Group Limited	England and Wales	Computer services	100

11 Stocks

	2013 £'000	2012 £'000
Maintenance stock	1,074	1,425
Finished goods held for resale	3,728	32,511
	<u>4,802</u>	<u>33,936</u>

There is no material difference between the balance sheet value of stocks and their replacement cost

SPECIALIST COMPUTER CENTRES PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2013

12 Debtors	2013	2012
	£'000	£'000
Trade debtors	154,709	133,143
Amounts owed by group undertakings	5,694	70,168
Corporation tax	2,995	-
Other debtors	2,551	18,819
Prepayments and accrued income	6,548	6,395
Deferred tax asset (see note 15)	1,688	937
	<u>174,185</u>	<u>229,462</u>

The trade debtors of the company act as security for a confidential invoice discounting facility

Amounts falling due after more than one year and included in the debtors above are

	2013	2012
	£'000	£'000
Trade debtors	<u>1,406</u>	<u>1,779</u>

13 Creditors: amounts falling due within one year	2013	2012
	£'000	£'000
Net obligations under hire purchase contracts	2,239	988
Trade creditors	157,123	237,132
Amounts owed to group undertakings	21,010	20,699
Corporation tax	-	190
Other taxes and social security costs	7,626	304
Government grants	1,175	1,282
Accruals and deferred income	46,312	39,984
	<u>235,485</u>	<u>300,579</u>
Debt due in one year or less	<u>2,239</u>	<u>988</u>

SPECIALIST COMPUTER CENTRES PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2013

14 Creditors: amounts falling due after more than one year	2013	2012
	£'000	£'000
Net obligations under hire purchase contracts	247	2,235
Trade creditors	524	1,866
Accruals and deferred income	4,051	3,368
	<u>4,822</u>	<u>7,469</u>
Net obligations under hire purchase contracts		
Repayable within one year	2,239	988
Repayable between one and five years	201	2,155
Repayable after five years	46	80
	<u>2,486</u>	<u>3,223</u>
Included in liabilities falling due within one year	(2,239)	(988)
	<u>247</u>	<u>2,235</u>

The obligations under finance leases and hire purchase contracts are secured over motor vehicles and certain plant and machinery

15 Provisions for liabilities	Other
	£'000
Balance at 1 April 2012	1,887
Released to the profit and loss account	(576)
Utilised during the year	(333)
	<u>978</u>
Balance at 31 March 2013	<u>978</u>

Provisions for liabilities and charges comprise onerous lease provisions which will be utilised over periods of between 2 years and 5 years

The movement in the deferred tax asset (included in debtors note 12) is as follows

	£'000
Balance at 1 April 2012	937
Credited to the profit and loss account	751
	<u>1,688</u>
Balance at 31 March 2013	<u>1,688</u>

SPECIALIST COMPUTER CENTRES PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2013

15 Provisions for liabilities (continued)

Deferred taxation provided in the financial statements and the amounts not provided are as follows

	Not provided		Provided	
	2013	2012	2013	2012
	£'000	£'000	£'000	£'000
Accelerated capital allowances	-	-	(1,481)	(720)
Other timing differences	(191)	(199)	(34)	(37)
Tax losses available	(234)	(364)	(173)	(180)
	<u>(425)</u>	<u>(563)</u>	<u>(1,688)</u>	<u>(937)</u>

A deferred tax asset amounting to £234,000 (2012 - £364,000) for excess trading losses arising on a certain trade has not been recognised because it is not sufficiently certain that there will be suitable taxable profits available in the future to utilise the tax losses

A deferred tax asset has also not been recognised in respect of the impairment of the value of the company's fixed asset investments as there is insufficient evidence that the asset will be recovered. The amount of the asset not recognised is £191,000 (2012 - £199,000). The asset would be recovered if the company sold its fixed asset investment and was able to offset the resulting capital loss against a qualifying capital gain.

16 Share capital	2013	2012
	£'000	£'000
Allotted, called up and fully paid 1,000,000 Ordinary shares of £1 each	1,000	1,000
	<u>1,000</u>	<u>1,000</u>
17 Reconciliation of movements in shareholders' funds	2013	2012
	£'000	£'000
Profit for the financial year	9,085	6,957
Opening shareholders' funds	81,739	74,782
	<u>90,824</u>	<u>81,739</u>
Closing shareholders' funds	90,824	81,739

SPECIALIST COMPUTER CENTRES PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2013

18 Financial commitments

At 31 March 2013 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 March 2014

	Land and buildings		Other	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Operating leases which expire				
Within one year	154	155	406	467
Between two and five years	1 817	2,068	942	1,008
In over five years	997	733	-	-
	<u>2,968</u>	<u>2,956</u>	<u>1,348</u>	<u>1,475</u>

Leases of land and buildings are typically subject to rent reviews at specified intervals and provide for the lessee to pay all insurance, maintenance and repair costs

19 Contingent liabilities

There are cross guarantees on the overdrafts of certain undertakings in the group and certain bank loans. At 31 March 2013, the indebtedness of the UK group undertakings amounted to £117,688,000 (2012 - £101,723,000)

SPECIALIST COMPUTER CENTRES PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2013

20 Related party relationships and transactions

During the year the company traded with Coventry Airport Limited, Patriot Aviation Limited, London Helicopter Centres Limited, Mally Court Hotel Limited, Buckland Tout-Saints Hotel Limited, Arden Hotel Investments Limited, Serenity Hotels Limited and Eden Hotel Collection Limited, companies in which Sir Peter Rigby is a director and was a majority shareholder

These companies were acquired by Rigby Group (RG) plc (formerly Rigby Family Holdings Limited) ("RG") during the year

The company purchased goods and services from Coventry Airport Limited during the year of £Nil (2012 - £12,000) and made sales of £129,000 (2012 - £127,000) As at 31 March 2013, this company was part of the RG group, as at 31 March 2012, a net amount of £10,000 was owing by Coventry Airport Limited

The company sold goods and services to Patriot Aviation Limited amounting to £5,000 (2012 - £14,000) As at 31 March 2013, this company was part of the RG group, as at 31 March 2012, a net amount of £30 000 was owing by Patriot Aviation Limited

The company sold goods and services to London Helicopter Centres Limited amounting to £9,000 (2012 - £Nil) As at 31 March 2013, this company was part of the RG group, as at 31 March 2012, a net amount of £Nil was owing by London Helicopter Centres Limited

The company purchased goods and services from Mally Court Hotel Limited during the year of £Nil (2012 - £17,000) and made sales of £75,000 (2012 - £34,000) As at 31 March 2013, this company was part of the RG group, as at 31 March 2012, a net amount of £7,000 was owing by Mally Court Hotel Limited

The company sold goods and services to Buckland Tout-Saints Hotel Limited amounting to £3,000 (2012 - £Nil) As at 31 March 2013, this company was part of the RG group, as at 31 March 2012, a net amount of £Nil was owing by Buckland Tout-Saints Hotel Limited

The company purchased goods and services from Arden Hotel Investments Limited during the year of £2,000 (2012 - £17,000) and made sales of £41,000 (2012 - £44,000) As at 31 March 2013 this company was part of the RG group, as at 31 March 2012, a net amount of £Nil was owing by Arden Hotel Investments Limited

The company sold goods and services to Brokencote Hall Hotel Limited (formerly Serenity Hotels Limited) amounting to £5 000 (2012 - £Nil) As at 31 March 2013, this company was part of the RG group, as at 31 March 2012 a net amount of £Nil was owing by Brokencote Hall Hotel Limited (formerly Serenity Hotels Limited)

The company sold goods and services to Eden Hotel Collection Limited amounting to £35,000 (2012 - £33,000) As at 31 March 2013, this company was part of the RG group, as at 31 March 2012, a net amount of £20,000 was owing by Eden Hotel Collection Limited

SPECIALIST COMPUTER CENTRES PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2013

21 Control

Ultimate parent undertaking

The company is a subsidiary undertaking of SCH Corporate Services Limited, a company registered in England and Wales

The results of SCH Corporate Services Limited are consolidated into those of Rigby Group (RG) plc (formerly Rigby Family Holdings Limited), registered in England and Wales, whose principal place of business is at James House, Warwick Road Birmingham, B11 2LE The largest group of which the company is a member, and for which consolidated financial statements are drawn up, is that headed by Rigby Group (RG) plc (formerly Rigby Family Holdings Limited) Consolidated financial statements are available at James House, Warwick Road, Birmingham, B11 2LE

As a subsidiary undertaking of SCH Corporate Services Limited, the company has taken advantage of the exemption in Financial Reporting Standard Number 8 "Related party disclosures" from disclosing transactions with other members of the group headed by Rigby Family Holdings Limited

Ultimate controlling body

Sir Peter Rigby, a director of Rigby Group (RG) plc (formerly Rigby Family Holdings Limited), controlled the company as a result of holding 79% of the issued ordinary share capital of Rigby Group (RG) plc (formerly Rigby Family Holdings Limited), the ultimate parent undertaking