

**Specialist Computer Services
Limited**

Report and Financial Statements

31 March 2008

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SPECIALIST COMPUTER SERVICES LIMITED

REPORT AND FINANCIAL STATEMENTS 2008

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**OFFICERS AND PROFESSIONAL ADVISERS
FOR THE YEAR ENDED 31 MARCH 2008**

DIRECTORS

Sir Peter Rigby
P A Rigby
J P Rigby
R Vickers

SECRETARY

N P Gilpin

REGISTERED OFFICE

James House
Warwick Road
Birmingham
B11 2LE

BANKERS

Barclays Bank plc
15 Colmore Row
Birmingham
B3 2WN

SOLICITORS

Wragge & Co LLP
55 Colmore Row
Birmingham
B3 2AS

AUDITORS

Deloitte LLP
Chartered Accountants
Four Brindleyplace
Birmingham
B1 2HZ

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2008**

The directors present their annual report on the affairs of the company, together with the financial statements and auditors' report, for the year ended 31 March 2008.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The company is a wholly owned subsidiary of Specialist Computer Holdings plc. The principal activities of the company are the operation of an HR and payroll processing and outsourcing operation, and of data preparation and scanning facilities. There have been no significant changes in the company's principal activities during the year under review. The directors are not aware, as at the date of this report, of any likely major changes in the company's activities in the next financial year.

During the prior year the company deployed an additional software product which will allow it to offer fully integrated payroll and HR managed services. As a result, the company was able to operate more efficiently, win new contracts in new markets and improve profitability.

The company had a successful year. As shown in the profit and loss account on page 7, turnover from the company's existing customer base grew to £4,324,000 from £4,115,000 in the previous year. Good margin control maintained the company's gross profit for the year and tight control of overheads resulted in an improved operating profit of £622,000 compared to £500,000 in the previous year.

The directors paid a final dividend of £20 (2007 - £Nil) per ordinary share.

The balance sheet on page 8 of the financial statements shows that the company's financial position at the end of the financial year is in both net assets and net cash terms consistent with the prior year.

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 sales turnover growth, gross profit percentage, overhead costs as a percentage of revenue and return on sales. Working capital measurement includes debtor days and overdue accounts.

Non financial measures include employee turnover, employee numbers and 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.

DIRECTORS' REPORT (continued)**PRINCIPAL ACTIVITIES AND BUSINESS REVIEW (continued)****Key Performance Indicators (continued)**

The table below sets out the key KPI's:

KPI	2008	2007
Turnover growth (decline) ¹	5.1%	(10.4%)
Gross profit percentage ²	43.7%	42.4%
Overhead costs percentage ³	29.3%	30.2%
Return on sales ⁴	14.4%	12.2%
Revenue per employee (£'000) ⁵	55	49

¹ Revenue 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 administrative expenses expressed as a percentage of turnover from continuing operations

⁴ Return on sales is defined as the profit before taxation 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 company is a wholly owned subsidiary of Specialist Computer Holdings plc and the performance of the group is set out in more detail in the Chairman's Statement and Directors' Report of that company, which do not form part of these financial statements.

PRINCIPAL RISKS AND UNCERTAINTIES

Competitive pressures in the UK market in which the company operates is a continuing risk. The company manages this risk through providing a high standard of service to its customers through fast response times in performing services and handling queries. The company benefits from a number of long standing relationships with both its suppliers and customers. All these relationships are the focus of significant management attention at all levels of the company in order 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 that are mitigated by credit control procedures.

The events of the later part of the 2008 calendar year have created much uncertainty in the marketplace. We believe that the company offers solutions and an outsourcing model designed to help our customers reduce costs and manage their payroll more efficiently in difficult market conditions.

We expect demand for our services to remain strong, which combined with tight cost control, will allow us to weather these turbulent times.

The company is financed through inter company accounts with its ultimate parent and details of the group's external funding programme are set out in the accounts of Specialist Computer Holdings plc.

ENVIRONMENT

The company recognises the importance of its environmental responsibilities in the market 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' REPORT (continued)

EMPLOYEES

Details of the number of employees and associated costs are set out in note 4 to the financial statements. Applications for employment by disabled persons are always fully considered, bearing 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 the publications of group magazine by the ultimate holding company, Specialist Computer Holdings plc. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests.

DIRECTORS

The directors who served during the year and subsequently were as follows:

Sir Peter Rigby

P A Rigby

J P Rigby (appointed 7 August 2007)

R Vickers

Directors' indemnities

The directors confirm under section 309 of the Companies Act 1985:

- at the time this directors' report is signed a qualifying third party indemnity provision (provided by the ultimate parent, Specialist Computer Holdings plc) is in force for the benefit of all the directors of the company, and
- for the financial year ended 31 March 2008 a qualifying third party indemnity provision (provided by the ultimate parent, Specialist Computer Holdings plc) was in force for the benefit of all the directors of the company.

AUDITORS

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 auditors are unaware; and
- the directors have taken all steps that they ought to have taken as a directors to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of S234ZA of the Companies Act 1985.

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



Sir Peter Rigby

Director

23 December 2008

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual 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 the period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping proper accounting records that 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 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SPECIALIST COMPUTER SERVICES LIMITED

We have audited the financial statements of Specialist Computer Services Limited for the year ended 31 March 2008 which comprise the profit and loss account, balance sheet, and the related notes 1 to 20. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of directors' responsibilities.

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

We report to you our opinion as to whether the financial statements give a true and fair view, in accordance with the relevant financial reporting framework, and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements.

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

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it

Basis of audit opinion

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

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

Opinion

In our opinion:

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

Deloitte LLP

Deloitte LLP
Chartered Accountants and Registered Auditors
Birmingham, United Kingdom

23 DECEMBER 2008

SPECIALIST COMPUTER SERVICES LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2008

	Note	2008 £'000	2007 £'000
TURNOVER	2	4,324	4,115
Cost of sales		(2,436)	(2,372)
		<hr/>	<hr/>
GROSS PROFIT		1,888	1,743
Administrative expenses		(1,266)	(1,243)
		<hr/>	<hr/>
OPERATING PROFIT AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	622	500
Tax on profit on ordinary activities	6	1	4
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	15	623	504
		<hr/>	<hr/>

All activity derives from continuing operations.

There are no recognised gains or losses in either year other than the profit for that year; accordingly, no statement of total recognised gains and losses is presented.

The accompanying notes are an integral part of this profit and loss account.

SPECIALIST COMPUTER SERVICES LIMITED

BALANCE SHEET 31 MARCH 2008

	Note	2008 £'000	2007 £'000
FIXED ASSETS			
Goodwill	8	605	718
Tangible assets	9	172	255
		<u>777</u>	<u>973</u>
CURRENT ASSETS			
Stocks	10	9	9
Debtors	11	987	950
Cash at bank and in hand		1,882	1,976
		<u>2,878</u>	<u>2,935</u>
CREDITORS: Amounts falling due within one year	12	<u>(1,656)</u>	<u>(1,532)</u>
NET CURRENT ASSETS		<u>1,222</u>	<u>1,403</u>
NET ASSETS		<u>1,999</u>	<u>2,376</u>
CAPITAL AND RESERVES			
Called-up share capital	13	50	50
Profit and loss account	14	1,949	2,326
SHAREHOLDERS' FUNDS	15	<u>1,999</u>	<u>2,376</u>

The financial statements on pages 7 to 16 were approved and authorised for issue by the Board of Directors on 23 December 2008 and signed on its behalf by:



Sir Peter Rigby

Director

The accompanying notes are an integral part of this balance sheet.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2008**

1. ACCOUNTING POLICIES

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

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards.

Under the provisions of Financial Reporting Standard number 1, the company has not prepared a cash flow statement as Specialist Computer Holdings plc, the ultimate parent undertaking, has prepared publicly available consolidated financial statements which include the financial statements of the company for the year ended 31 March 2008.

Intangible fixed assets – 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.

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Leasehold improvements	5 years
Fixtures and equipment	3 to 5 years
Motor vehicles	3 years

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

Leases

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.

Stocks

Raw materials and consumables are stated at the lower of cost and net realisable value. Provision is made for obsolete, slow moving or defective items where appropriate.

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.

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2008

1. ACCOUNTING POLICIES (continued)

Taxation (continued)

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more than likely than not 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.

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.

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.

2. SEGMENT INFORMATION

The whole of the company's turnover derives from the company's principal activities and has arisen wholly within the United Kingdom.

3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation is stated after charging:

	2008 £'000	2007 £'000
Depreciation and amounts written off tangible fixed assets		
- owned	126	115
- held under finance leases and hire purchase contracts	-	7
Amortisation of goodwill	113	113
Operating lease rentals		
- other	158	65
Fees payable to the company's auditors for the audit of the company's financial statements	3	3

Amounts payable to the auditors by the company in respect of non-audit services were £ Nil (2007 - £ Nil).

SPECIALIST COMPUTER SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 MARCH 2008

4. STAFF COSTS

The average monthly number of employees (including executive directors) for the year was 79 (2007 - 84).

Their aggregate remuneration comprised:

	2008 £'000	2007 £'000
Wages and salaries	1,907	1,814
Social security costs	179	178
Other pension costs (see note 17)	48	46
	<u>2,134</u>	<u>2,038</u>

5. DIRECTORS' REMUNERATION AND TRANSACTIONS

Remuneration

The remuneration of the directors was as follows:

	2008 £'000	2007 £'000
Emoluments	86	95
Company pension contributions	5	4
	<u>91</u>	<u>99</u>

Directors' emoluments relate to those of R Vickers. 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.

The director exercised no share options in the year (2007 - £ Nil). There were no share options granted in the year (2007 - £ Nil).

The emoluments of Sir Peter Rigby, Ms P A Rigby and Mr J P Rigby are paid by other group companies as their services to Specialist Computer Services Limited are incidental to their services provided to other group companies. Accordingly, no emoluments have been disclosed in these financial statements in respect of the directors.

However, the total emoluments for these directors are taken into account in the disclosure of directors' emoluments in the financial statements of Specialist Computer Holdings plc, the ultimate parent undertaking.

Pensions

The number of directors for whom the company made contributions to pension schemes was as follows:

	2008 Number	2007 Number
Defined contribution schemes	<u>1</u>	<u>1</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2008

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

The tax credit comprises:

	2008 £'000	2007 £'000
Current tax		
UK corporation tax		
- Adjustments in respect of prior years	2	1
Total current tax	2	1
Deferred tax		
Origination and reversal of timing differences	(6)	(6)
Adjustments in respect of prior periods	3	1
Total deferred tax (see note 11)	(3)	(5)
Total tax on profit on ordinary activities	(1)	(4)

The differences between the current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

	2008 £'000	2007 £'000
Profit on ordinary activities before tax	622	500
Tax on profit on ordinary activities at standard UK corporation tax rate of 30% (2007 - 30%)	187	150
Effects of:		
Depreciation in excess of capital allowances	5	6
Receipt of group relief not paid for	(193)	(156)
Other timing differences	1	-
Adjustments in respect of prior years	2	1
Current tax charge for period	2	1

In March 2007, the UK government announced that they would introduce legislation that would reduce the corporate tax rate to 28% with effect from 1 April 2008. This legislation was substantively enacted on 26 June 2007. The deferred tax assets and liabilities currently as at 31 March 2008 are stated at 28% of the temporary differences as at that date. The effective tax rate for the period to 31 March 2009 will reduce to 28%.

7. DIVIDENDS

	2008 £'000	2007 £'000
Final dividend paid of £20 (2007 - £Nil) per ordinary share	1,000	-

SPECIALIST COMPUTER SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 MARCH 2008

8. INTANGIBLE FIXED ASSETS - GOODWILL

	£'000
Cost	
At 1 April 2007 and 31 March 2008	1,134
Amortisation	
At 1 April 2007	416
Charge for the year	113
At 31 March 2008	529
Net Book Value	
At 31 March 2008	605
At 31 March 2007	718

9. TANGIBLE FIXED ASSETS

	Leasehold improvements £'000	Fixtures and equipment £'000	Motor vehicles £'000	Total £'000
Cost				
At 1 April 2007	6	1,374	34	1,414
Additions	-	43	-	43
Disposals	-	-	(34)	(34)
At 31 March 2008	6	1,417	-	1,423
Depreciation				
At 1 April 2007	6	1,119	34	1,159
Charge for the year	-	126	-	126
Disposals	-	-	(34)	(34)
At 31 March 2008	6	1,245	-	1,251
Net book value				
At 31 March 2008	-	172	-	172
At 31 March 2007	-	255	-	255

Assets held under finance leases and hire purchase agreements have a cost of £ Nil (2007 - £31,000) and a net book value of £ Nil (2007 - £ Nil).

SPECIALIST COMPUTER SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 MARCH 2008

10. STOCKS

	2008 £'000	2007 £'000
Raw materials and consumables	<u>9</u>	<u>9</u>

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

11. DEBTORS

Amounts falling due within one year:

	2008 £'000	2007 £'000
Trade debtors	742	824
Amounts owed by group undertakings	1	-
Prepayments and accrued income	220	105
Deferred taxation	<u>24</u>	<u>21</u>
	<u>987</u>	<u>950</u>

The movement on deferred taxation is as follows:

	Deferred taxation £'000
At 1 April 2007	21
Credited to profit and loss account (see note 6)	<u>3</u>
At 31 March 2008	<u>24</u>

Deferred taxation asset is recognised as follows:

	2008 £'000	2007 £'000
Accelerated capital allowances	23	20
Other timing differences	<u>1</u>	<u>1</u>
Undiscounted asset for deferred taxation	<u>24</u>	<u>21</u>

There is no unrecognised deferred taxation asset or liability at either year end.

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2008

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2008	2007
	£'000	£'000
Obligations under finance leases and hire purchase contracts	-	1
Trade creditors	64	57
Amounts owed to group undertakings	1,238	1,328
Other taxation and social security	156	5
Accruals and deferred income	198	141
	<u>1,656</u>	<u>1,532</u>

13. CALLED-UP SHARE CAPITAL

	2008	2007
	£'000	£'000
<i>Authorised, allotted, called-up and fully-paid</i> 50,000 ordinary shares of £1 each	50	50
	<u>50</u>	<u>50</u>

14. RESERVES

	Profit and loss account £'000
At 1 April 2007	2,326
Profit for the financial year	623
Dividends (see note 7)	(1,000)
At 31 March 2008	<u>1,949</u>

15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2008	2007
	£'000	£'000
Profit for the financial year	623	504
Dividends (see note 7)	(1,000)	-
Net movement in shareholders' funds	<u>(377)</u>	<u>504</u>
Opening shareholders' funds	2,376	1,872
Closing shareholders' funds	<u>1,999</u>	<u>2,376</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2008

16. FINANCIAL COMMITMENTS

There were no capital commitments at either year end.

Annual commitments under non-cancellable operating leases are as follows:

	Land and buildings	
	2008	2007
	£'000	£'000
Expiry date		
- between two and five years	61	61
	<u>61</u>	<u>61</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.

The annual commitment for certain non-cancellable operating leased properties occupied by the company, are disclosed in the financial statements of Specialist Computer Centres plc, a fellow group company.

17. PENSION ARRANGEMENTS

The company makes contributions to a defined contribution Group Personal Pension Plan, for which the pension cost and charge for the year amounted to £48,000 (2007 - £46,000).

18. CONTINGENT LIABILITIES

There are cross guarantees on the overdrafts of certain undertakings in the group and certain bank loans. At 31 March 2008, the indebtedness of the UK group undertakings amounted to £88,040,000 (2007 - £94,708,000).

19. 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 the ultimate holding company, Specialist Computer Holdings plc, registered in England and Wales and whose principal place of business is at James House, Warwick Road, Birmingham, B11 2LE. The largest and smallest group of which the company is a member, and for which consolidated financial statements are drawn up, is that headed by Specialist Computer Holdings plc. Consolidated financial statements are available at that address.

As a subsidiary of SCH Corporate Services Limited, the company has taken advantage of the exemption in Financial Reporting Standard Number 8 from disclosing transactions with other member of the group headed by Specialist Computer Holdings plc.

20. ULTIMATE CONTROLLING BODY

Sir Peter Rigby, a director of Specialist Computer Holdings plc, and members of his close family, control the company as a result of controlling directly 100% of the issued 'A' ordinary share capital of Specialist Computer Holdings plc.