

Company Registration No. 00893138 (England and Wales)

SPECIALIST COMPUTER SERVICES LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2012



SPECIALIST COMPUTER SERVICES LIMITED

COMPANY INFORMATION

Directors	Sir Peter Rigby Ms P Rigby Mr J Rigby Mr R Vickers
Company number	00893138
Registered office	James House Warwick Road Birmingham B11 2LE
Auditor	Deloitte LLP Chartered Accountants & Statutory Auditor Four Brindleyplace Birmingham B1 2HZ
Bankers	HSBC Bank plc 4th Floor 120 Edmund Street Birmingham United Kingdom B3 2QZ
Solicitors	Wragge & Co LLP 55 Colmore Row Birmingham B3 2AS

SPECIALIST COMPUTER SERVICES LIMITED

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SPECIALIST COMPUTER SERVICES LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2012

The directors present their report and financial statements for the year ended 31 March 2012

Principal activities and business review

The company is a wholly owned subsidiary of Specialist Computer Holdings plc ("SCH") 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

The profit and loss account for the year is set out on page 6

Turnover for the year was consistent with the prior year, falling back slightly due to the termination of a couple of contracts during the year Gross profit margins remained very strong at 40.5%, marginally down on the prior year's 43.0%, and with overheads well controlled, the company reported an operating profit of £0.4m

The balance sheet for the company is set out on page 7 Net assets have increased as a result of the profit generated in the year

The directors paid a final dividend of £Nil (2011 - £30) per ordinary share

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 accounts receivable days and overdue accounts receivable

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 customers

The table below sets out the key KPI's

KPI's	2012	2011
Turnover decline ¹	5.3%	9.0%
Gross profit percentage ²	40.5%	43.0%
Overhead costs percentage ³	29.5%	30.2%
Return on sales ⁴	11.0%	12.9%
Revenue per employee (£'000) ⁵	54	54

1 Turnover decline 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 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

SPECIALIST COMPUTER SERVICES LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2012

Principal risks and uncertainties

Competitive pressures in the UK market in which the company operated 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.

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.

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 SCH group has one principal source of external funding in the UK, which has a maturity date in February 2015.

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 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

The following directors have held office since 1 April 2011 up to the date of signing this report:

Sir Peter Rigby
Ms P Rigby
Mr J Rigby
Mr R Vickers

SPECIALIST COMPUTER SERVICES LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2012

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

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, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

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

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

19 December 2012

SPECIALIST COMPUTER SERVICES LIMITED

INDEPENDENT AUDITOR'S 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 2012 which comprise the Profit and Loss account, the Balance Sheet and the related notes 1 to 20, set out on pages 6 to 17. 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 auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 3, 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 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter 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 SERVICES LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF SPECIALIST COMPUTER SERVICES LIMITED

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

Alistair Pritchard FCA

Alistair Pritchard FCA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP

Chartered Accountants & Statutory Auditor
Four Brindleyplace
Birmingham
B1 2HZ

21 December 2012

SPECIALIST COMPUTER SERVICES LIMITED**PROFIT AND LOSS ACCOUNT*****FOR THE YEAR ENDED 31 MARCH 2012***

	Notes	2012 £'000	2011 £'000
Turnover	2	3,984	4,205
Cost of sales		(2,370)	(2,395)
Gross profit		1,614	1,810
Administrative expenses		(1,177)	(1,269)
Profit on ordinary activities before taxation	3	437	541
Tax on profit on ordinary activities	6	13	7
Profit for the year	15	450	548

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 SERVICES LIMITED

BALANCE SHEET

AS AT 31 MARCH 2012

	Notes	2012 £'000	2011 £'000
Fixed assets			
Intangible assets	8	153	266
Tangible assets	9	162	272
		<u>315</u>	<u>538</u>
Current assets			
Stocks	10	8	8
Debtors	11	952	1,038
Cash at bank and in hand		1,896	1,245
		<u>2,856</u>	<u>2,291</u>
Creditors: amounts falling due within one year	13	(1,602)	(1,710)
Net current assets		<u>1,254</u>	<u>581</u>
Total assets less current liabilities		<u>1,569</u>	<u>1,119</u>
Capital and reserves			
Called up share capital	14	50	50
Profit and loss account	15	1,519	1,069
Shareholders' funds	16	<u>1,569</u>	<u>1,119</u>

Approved by the Board and authorised for issue on

19 December 2012

Mr J Rigby
Director

Company Registration No. 00893138

SPECIALIST COMPUTER SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2012

1 Accounting policies

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently throughout the current year and previous year (except as otherwise stated)

1.1 Basis of accounting

The financial statements are prepared under the historical cost convention

Under the provisions of Financial Reporting Standard Number 1, the company has not prepared a cash flow statement as the ultimate parent undertaking, Rigby Family Holdings Limited, has prepared publicly available consolidated financial statements which include the financial statements of the company for the year ended 31 March 2012

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 page 1. The director's report on pages 1 to 3 describes the company's financial risk management objectives and its exposure to credit risk and liquidity risk

The company is part of the Specialist Computer Holdings plc ("SCH") group, 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 company and the SCH group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the group and company should be able to operate within the level of its current facilities

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 principal UK companies. The existing facility is due to expire in February 2015

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

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. 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

Fixtures, fittings and equipment	3 to 5 years
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Residual value is calculated on prices prevailing at the date of acquisition

SPECIALIST COMPUTER SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2012

1 Accounting policies

1.5 Leasing

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

1.6 Stock

Stock is valued at the lower of cost and net realisable value

Provision is made for obsolete, slow moving or defective items where appropriate

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 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

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 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 Segmental information

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom

SPECIALIST COMPUTER SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2012

3	Operating profit	2012	2011
		£'000	£'000
	Operating profit is stated after charging		
	Amortisation of intangible assets	113	113
	Depreciation of tangible assets	113	107
	Operating lease rentals	52	99
	Fees payable to the company's auditor for the audit of the company's annual financial statements	2	3
	and after crediting		
	Profit on disposal of tangible assets	(1)	-
		<u> </u>	<u> </u>

Amounts payable to the auditor by the company in respect of non-audit services were £Nil (2011 - £Nil)

4 Staff costs

Number of employees

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

	2012	2011
	Number	Number
Administration	74	78
	<u> </u>	<u> </u>

Their aggregate remuneration comprised

Employment costs	2012	2011
	£'000	£'000
Wages and salaries	1,910	1,866
Social security costs	171	177
Other pension costs (see note 18)	44	46
	<u> </u>	<u> </u>
	2,125	2,089
	<u> </u>	<u> </u>

SPECIALIST COMPUTER SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2012

5	Directors' remuneration	2012 £'000	2011 £'000
	Remuneration for qualifying services	75	91
	Company pension contributions to defined contribution schemes	27	38
		<hr/>	<hr/>
		102	129
		<hr/>	<hr/>

Directors' emoluments relate to those of Mr 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 (2011 - £ Nil). There were no share options granted in the year (2011 - £ 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 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 1 (2011 - 1).

SPECIALIST COMPUTER SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2012

6	Taxation	2012 £'000	2011 £'000
	Domestic current year tax		
	Adjustment for prior years	1	-
	Total current tax	1	-
	Deferred tax		
	Origination and reversal of timing differences	(3)	(4)
	Deferred tax adjustments arising in previous periods	(11)	(3)
		(14)	(7)
		(13)	(7)
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	437	541
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 26% (2011 - 28%)	114	151
	Effects of		
	Depreciation in excess of capital allowances	3	4
	Receipt of group relief not paid for	(118)	(156)
	Expenses not deductible for tax purposes	-	1
	Adjustments to previous periods	1	-
		(114)	(151)
	Current tax charge for the year	-	-

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 26%

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. 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 (2011 - 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 SERVICES LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 MARCH 2012**

7	Dividends	2012	2011
		£'000	£'000
	Ordinary final dividend paid of £Nil (2011 - £30) per ordinary share	-	1,500
		<u> </u>	<u> </u>
8	Intangible fixed assets	Goodwill	
		£'000	
	Cost		
	At 1 April 2011 and at 31 March 2012		1,134
			<u> </u>
	Amortisation		
	At 1 April 2011		868
	Charge for the year		113
			<u> </u>
	At 31 March 2012		981
			<u> </u>
	Net book value		
	At 31 March 2012		153
			<u> </u>
	At 31 March 2011		266
			<u> </u>

SPECIALIST COMPUTER SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2012

9 Tangible fixed assets

	Fixtures, fittings and equipment £'000
Cost	
At 1 April 2011	1,116
Additions	16
Disposals	(27)
At 31 March 2012	<u>1,105</u>
Depreciation	
At 1 April 2011	844
On disposals	(14)
Charge for the year	113
At 31 March 2012	<u>943</u>
Net book value	
At 31 March 2012	<u>162</u>
At 31 March 2011	<u>272</u>

10 Stocks	2012 £'000	2011 £'000
Finished goods and goods for resale	<u>8</u>	<u>8</u>

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

11 Debtors	2012 £'000	2011 £'000
Trade debtors	743	850
Prepayments and accrued income	156	149
Deferred tax asset (see note 12)	53	39
	<u>952</u>	<u>1,038</u>

SPECIALIST COMPUTER SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2012

12 Provisions for liabilities

The deferred tax asset (included in debtors, note 11) is made up as follows:

	2012 £'000
Balance at 1 April 2011	(39)
Profit and loss account	(14)
	<hr/>
Balance at 31 March 2012	(53)
	<hr/>

	2012 £'000	2011 £'000
Decelerated capital allowances	(46)	(31)
Other timing differences	(7)	(8)
	<hr/>	<hr/>
	(53)	(39)
	<hr/>	<hr/>

13 Creditors: amounts falling due within one year

	2012 £'000	2011 £'000
Trade creditors	60	39
Amounts owed to subsidiary undertakings	1,222	1,286
Taxes and social security costs	153	173
Accruals and deferred income	167	212
	<hr/>	<hr/>
	1,602	1,710
	<hr/>	<hr/>

14 Share capital

	2012 £'000	2011 £'000
Allotted, called up and fully paid		
50,000 Ordinary shares of £1 each	50	50
	<hr/>	<hr/>

SPECIALIST COMPUTER SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2012

15 Statement of movements on profit and loss account

	Profit and loss account £'000
Balance at 1 April 2011	1,069
Profit for the year	450
Balance at 31 March 2012	<u>1,519</u>

16 Reconciliation of movements in shareholders' funds

	2012 £'000	2011 £'000
Profit for the financial year	450	548
Dividends (see note 7)	-	(1,500)
Net addition to (depletion in) shareholders' funds	450	(952)
Opening shareholders' funds	<u>1,119</u>	<u>2,071</u>
Closing shareholders' funds	<u>1,569</u>	<u>1,119</u>

17 Financial commitments

There were no capital commitments at either year end

At 31 March 2012 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 March 2013

	Land and buildings	
	2012 £'000	2011 £'000
Operating leases which expire Between two and five years	<u>38</u>	<u>77</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

18 Pension arrangements

The parent company makes contributions to a defined contribution Group Personal Pension Plan, for which the pension cost and charge for the year amounted to £44,000 (2011 - £46,000)

SPECIALIST COMPUTER SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2012

19 Contingent liabilities

There are cross guarantees on the overdrafts of certain undertakings in the group and certain bank loans. At 31 March 2012, the indebtedness of the UK group undertakings amounted to £101,723,000 (2011 - £105,734,000)

20 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 an intermediate holding company, Specialist Computer Holdings plc, 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 Family Holdings Limited. Consolidated financial statements are available at James House, Warwick Road, Birmingham, B11 2LE

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 members of the group headed by Rigby Family Holdings Limited

Ultimate controlling body

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