

**Specialist Computer Services  
Limited**

**Report and Financial Statements**

**31 March 2009**

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# **SPECIALIST COMPUTER SERVICES LIMITED**

## **REPORT AND FINANCIAL STATEMENTS 2009**

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**OFFICERS AND PROFESSIONAL ADVISERS  
FOR THE YEAR ENDED 31 MARCH 2009**

**DIRECTORS**

Sir Peter Rigby  
P A Rigby  
J P Rigby  
R Vickers

**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 2009**

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 2009.

**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.

The company had a successful year, as shown in the profit and loss account on page 8. The turnover growth of 2.5% from £4,324,000 to £4,431,000 arose primarily due to new contract wins during the year. During the prior year, the company deployed additional software from a new key supplier, which has delivered improved business solutions to new customers during the current financial year.

The company continued to focus on margin control and the company's gross profit increased from 43.7% in 2008 to 44.4% in 2009. The 9.8% increase in administrative expenses was primarily the result of an increase in property and utility costs. Operating profit decreased by 7.1% from £622,000 to £578,000 due to the increase in overheads.

The directors paid a final dividend of £10 (2008 - £20) per ordinary share.

The balance sheet on page 9 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:

<b>KPI</b>	<b>2009</b>	<b>2008</b>
Turnover growth <sup>1</sup>	2.5%	5.1%
Gross profit percentage <sup>2</sup>	44.4%	43.7%
Overhead costs percentage <sup>3</sup>	31.4%	29.3%
Return on sales <sup>4</sup>	13.0%	14.4%
Revenue per employee (£'000) <sup>5</sup>	55	55

<sup>1</sup> Turnover growth measures the change in turnover from continuing operations

<sup>2</sup> Gross profit percentage is defined as gross profit from continuing operations expressed as a percentage of turnover from continuing operations

<sup>3</sup> Overhead costs percentage is defined as administrative expenses expressed as a percentage of turnover from continuing operations

<sup>4</sup> Return on sales is defined as the profit before taxation from continuing operations expressed as a percentage of turnover from continuing operations

<sup>5</sup> 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.

### **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.

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 have a maturity date in June 2012.

## **DIRECTORS' REPORT (continued)**

### **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.

### **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 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.

### **DIRECTORS**

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

Sir Peter Rigby  
P A Rigby  
J P Rigby  
R Vickers

#### ***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' REPORT (continued)**

**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

18 December 2009

## **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 2009 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 2009 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

*22 December 2009*

# SPECIALIST COMPUTER SERVICES LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2009

	Note	2009 £'000	2008 £'000
<b>TURNOVER</b>	2	4,431	4,324
Cost of sales		(2,463)	(2,436)
		<hr/>	<hr/>
<b>GROSS PROFIT</b>		1,968	1,888
Administrative expenses		(1,390)	(1,266)
		<hr/>	<hr/>
<b>OPERATING PROFIT AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	3	578	622
Tax on profit on ordinary activities	6	2	1
		<hr/>	<hr/>
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>	15	<u>580</u>	<u>623</u>

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 2009

	Note	2009 £'000	2008 £'000
<b>FIXED ASSETS</b>			
Goodwill	8	492	605
Tangible assets	9	342	172
		<u>834</u>	<u>777</u>
<b>CURRENT ASSETS</b>			
Stocks	10	7	9
Debtors	11	875	987
Cash at bank and in hand		2,063	1,882
		<u>2,945</u>	<u>2,878</u>
<b>CREDITORS: Amounts falling due within one year</b>	12	<u>(1,700)</u>	<u>(1,656)</u>
<b>NET CURRENT ASSETS</b>		<u>1,245</u>	<u>1,222</u>
<b>NET ASSETS</b>		<u>2,079</u>	<u>1,999</u>
<b>CAPITAL AND RESERVES</b>			
Called-up share capital	13	50	50
Profit and loss account	14	2,029	1,949
<b>SHAREHOLDERS' FUNDS</b>	15	<u>2,079</u>	<u>1,999</u>

The financial statements of Specialist Computer Services Limited, registered number 893138, were approved by the Board of Directors and authorised for issue on 18 December 2009 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 2009**

**1. ACCOUNTING POLICIES**

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The principal 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 2009.

**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 2 and 3. The director's report on page 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 SCH group negotiated a new main facility in the UK post year end, where loans and an overdraft are secured over the trade receivables of the principal UK subsidiaries. The new facility expires in June 2012.

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 accounts.

**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

**NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED 31 MARCH 2009**

**1. ACCOUNTING POLICIES (continued)**

**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.

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.

# SPECIALIST COMPUTER SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 MARCH 2009

### 2. SEGMENTAL 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:

	2009 £'000	2008 £'000
Depreciation and amounts written off tangible fixed assets		
- owned	125	126
Amortisation of goodwill	113	113
Operating lease rentals		
- other	189	158
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 (2008 - £ Nil).

### 4. STAFF COSTS

The average monthly number of employees (including executive directors) for the year was 80 (2008 - 79).

Their aggregate remuneration comprised:

	2009 £'000	2008 £'000
Wages and salaries	2,032	1,907
Social security costs	199	179
Other pension costs (see note 17)	50	48
	<u>2,281</u>	<u>2,134</u>

## SPECIALIST COMPUTER SERVICES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 MARCH 2009

#### 5. DIRECTORS' REMUNERATION AND TRANSACTIONS

##### Remuneration

The remuneration of the directors was as follows:

	2009 £'000	2008 £'000
Emoluments	130	86
Company pension contributions	5	5
	<u>135</u>	<u>91</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 (2008 - £ Nil). There were no share options granted in the year (2008 - £ 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:

	2009 Number	2008 Number
Defined contribution schemes	<u>1</u>	<u>1</u>

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 MARCH 2009**

**6. TAX ON PROFIT ON ORDINARY ACTIVITIES**

The tax credit comprises:

	2009 £'000	2008 £'000
<b>Current tax</b>		
UK corporation tax		
- Adjustments in respect of prior years	1	2
<b>Total current tax</b>	1	2
<b>Deferred tax</b>		
Origination and reversal of timing differences	(4)	(6)
Adjustments in respect of prior periods	1	3
<b>Total deferred tax (see note 11)</b>	(3)	(3)
<b>Total tax on profit on ordinary activities</b>	(2)	(1)

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 are as follows:

	2009 £'000	2008 £'000
<b>Profit on ordinary activities before tax</b>	578	622
Tax on profit on ordinary activities at standard UK corporation tax rate of 28% (2008 - 30%)	162	187
Effects of:		
Depreciation in excess of capital allowances	4	5
Receipt of group relief not paid for	(166)	(193)
Other timing differences	-	1
Adjustments in respect of prior years	1	2
<b>Current tax charge for period</b>	1	2

**7. DIVIDENDS**

	2009 £'000	2008 £'000
Final dividend paid of £10 (2008 - £20) per ordinary share	500	1,000

# SPECIALIST COMPUTER SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 MARCH 2009

### 8. INTANGIBLE FIXED ASSETS - GOODWILL

	£'000
<b>Cost</b>	
At 1 April 2008 and 31 March 2009	1,134
<b>Amortisation</b>	
At 1 April 2008	529
Charge for the year	113
At 31 March 2009	642
<b>Net Book Value</b>	
At 31 March 2009	492
At 31 March 2008	605

### 9. TANGIBLE FIXED ASSETS

	Leasehold improvements £'000	Fixtures and equipment £'000	Total £'000
<b>Cost</b>			
At 1 April 2008	6	1,417	1,423
Additions	-	295	295
At 31 March 2009	6	1,712	1,718
<b>Depreciation</b>			
At 1 April 2008	6	1,245	1,251
Charge for the year	-	125	125
At 31 March 2009	6	1,370	1,376
<b>Net book value</b>			
At 31 March 2009	-	342	342
At 31 March 2008	-	172	172

### 10. STOCKS

	2009 £'000	2008 £'000
Raw materials and consumables	7	9

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

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 MARCH 2009**

**11. DEBTORS**

Amounts falling due within one year:

	2009 £'000	2008 £'000
Trade debtors	752	742
Amounts owed by group undertakings	-	1
Prepayments and accrued income	96	220
Deferred taxation	27	24
	<u>875</u>	<u>987</u>

The movement on deferred taxation is as follows:

	Deferred taxation £'000
At 1 April 2008	24
Credited to profit and loss account (see note 6)	3
	<u>27</u>
At 31 March 2009	<u>27</u>

Deferred taxation asset is recognised as follows:

	2009 £'000	2008 £'000
Accelerated capital allowances	27	23
Other timing differences	-	1
	<u>27</u>	<u>24</u>
<b>Undiscounted asset for deferred taxation</b>	<u>27</u>	<u>24</u>

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

**12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2009 £'000	2008 £'000
Trade creditors	33	64
Amounts owed to group undertakings	1,273	1,238
Other taxation and social security	146	156
Accruals and deferred income	248	198
	<u>1,700</u>	<u>1,656</u>

# SPECIALIST COMPUTER SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 MARCH 2009

### 13. CALLED-UP SHARE CAPITAL

	2009 £'000	2008 £'000
<i>Authorised, allotted, called-up and fully-paid</i> 50,000 ordinary shares of £1 each	<u>50</u>	<u>50</u>

### 14. RESERVES

	Profit and loss account £'000
At 1 April 2008	1,949
Profit for the financial year	580
Dividends (see note 7)	<u>(500)</u>
At 31 March 2009	<u>2,029</u>

### 15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2009 £'000	2008 £'000
Profit for the financial year	580	623
Dividends (see note 7)	<u>(500)</u>	<u>(1,000)</u>
Net movement in shareholders' funds	80	(377)
Opening shareholders' funds	<u>1,999</u>	<u>2,376</u>
Closing shareholders' funds	<u>2,079</u>	<u>1,999</u>

**NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED 31 MARCH 2009**

**16. FINANCIAL COMMITMENTS**

There were no capital commitments at either year end.

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

	<b>Land and buildings</b>	
	<b>2009</b>	<b>2008</b>
	<b>£'000</b>	<b>£'000</b>
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 £50,000 (2008 - £48,000).

**18. CONTINGENT LIABILITIES**

There are cross guarantees on the overdrafts of certain undertakings in the group and certain bank loans. At 31 March 2009, the indebtedness of the UK group undertakings amounted to £77,251,000 (2008 - £88,040,000).

**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.