

Specialist Computer Services Limited

Unaudited Annual Report and Financial Statements
for the Year Ended 31 March 2023
Company Number 09993136

SATURDAY



ACDMTH16

A26

07/10/2023

#80

COMPANIES HOUSE

2023

Contents

Governance

- 1 Directors' Report

Financial Statements

- 4 Profit and Loss Account
- 5 Balance Sheet
- 6 Statement of Changes in Equity
- 7 Notes to the Financial Statements

Company Information

Directors' Report
for the Year Ended 31 March 2023

The directors present their annual report and the unaudited audited financial statements of the Company for the year to 31 March 2023. No strategic report has been prepared in accordance with the special provisions relating to small companies under section 415A of the Companies Act 2006. When preparing the directors' report the Company has taken exemption from disclosing dividends paid or declared in accordance with the small companies exemption s416(3) of the Companies Act 2006.

Business Review and Future Outlook

Specialist Computer Services Limited ("SCS") provides outsourced payroll, HR system provision and hosting and data management solutions.

A review of contract profitability was undertaken during 2022 which highlighted that the underlying revenue generated on a number of key contracts is not sufficient to generate operating profits and losses are forecast to continue.

In light of projected future losses an onerous contract provision was created. This provision has been utilised over the course of the current year and £144,000 has been credited to the income statement to match operating losses. The remaining provision of £153,000 has been reviewed and is considered sufficient to cover future projected losses.

In 2021 the directors took the strategic decision for SCS to withdraw from the provision of payroll services during 2023. Following formal announcement of this decision to staff and customers a redundancy provision has been created. This has been adjusted during 2023 to £398,000.

Turnover has continued to decline during the year as a result of customers' moving away from SCS's outsourced payroll services. Where possible actions have been taken to adjust the cost base accordingly in order to minimise the net impact of these reductions.

Directors and Company Secretary

The following directors have held office since 1 April 2022 and up to the date of signing: Mr J P Rigby, and Mr J K Wright

Mr M T Nutter resigned 1 August 2023 and Ms P A Rigby resigned 14 August 2023.

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
for the Year Ended 31 March 2023

Journal of Management Education 30(6)p.789-804

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), including FRS 102 "The Financial Reporting Standard Applicable in the UK and Republic of Ireland", (FRS 102) 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; 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.

The members of the Company have not required the Company to obtain an audit of its own accounts for the year in question in accordance with section 476 of the Companies Act 2006, and each of the Directors acknowledge their personal

responsibilities for complying with the requirements of such Act with respect to accounting records and the preparations of accounts.

$$\lim_{n \rightarrow \infty} \frac{1}{n} \sum_{i=1}^n \frac{1}{\sqrt{2\pi}} e^{-\frac{(x_i - \mu)^2}{2\sigma^2}} = \frac{1}{\sqrt{2\pi}} e^{-\frac{(\mu - \mu)^2}{2\sigma^2}} = \frac{1}{\sqrt{2\pi}} e^0 = \frac{1}{\sqrt{2\pi}}$$

As a qualifying entity, the Company has taken advantage of the disclosure exemptions in FRS 102, paragraph 1.12, in respect of preparing a cash flow statement, related party, and financial instrument disclosures.

For the year ended 31 March 2023, the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies. Each of the persons who are a Director of the Company at the date of approval of this report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's group auditor is unaware; and
- the Director has taken all the steps that ought to have been taken as a director of the Company in order to make themselves aware of any relevant audit information and to establish that the Company's group auditor is aware of that information.

The above confirmation is given (and should be interpreted in accordance with) the provisions of section 418 of the Companies Act 2006.

Approved by the board of directors and signed on its behalf by:

James H. [Signature]

Director
30 September 2023

Specialist Computer Services Limited

**Unaudited Financial Statements for the year
ended 31 March 2023**

Financial Statements
for the Year Ended 31 March 2023

Profit and Loss Account
for the Year Ended 31 March 2023

	Notes	2023 £'000	2022 £'000
Turnover	3	676	1,072
Cost of sales		(653)	(1,025)
Gross profit		23	47
Administrative expenses		(246)	(551)
Other operating income	4	-	-
Loss before taxation	4	(223)	(504)
Tax on loss	7	42	126
Loss for the financial year		(181)	(378)

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

There is no other comprehensive income other than that passing through the profit and loss account and consequently no statement of comprehensive income has been prepared.

The notes form part of these financial statements.

Financial Statements
for the Year Ended 31 March 2023

Balance Sheet
as at 31 March 2023

	Notes	2023 £'000	2022 £'000
Fixed assets			
Tangible assets	9	-	-
		-	-
Current assets			
Debtors			
- due within one year	10	262	258
- due after more than one year	10	-	127
Cash at bank and in hand		-	13
		262	398
Creditors:			
- due within one year	11	(209)	(185)
Cash at bank and in hand		(148)	-
Net current (liabilities)/assets		(95)	213
Total assets less current liabilities		(95)	213
Provisions for liabilities	12	(551)	(678)
Net liabilities		(646)	(465)
Capital and reserves			
Called-up share capital	13	50	50
Capital reserve	13	500	500
Profit and loss account	13	(1,196)	(1,015)
Shareholders' liabilities		(646)	(465)

For the year ended 31 March 2023, the Company was entitled to exemption from audit under section 479A of the Companies Act 2006, furthermore:

- (1) no members of the Company have required the Company to obtain an audit of its accounts for the year in question in accordance with section 476 of the Companies Act 2006; and
- (2) The Directors each acknowledge their responsibility for complying with the requirements of the Act with respect to accounting records and for the preparations of the account.

Approved by the board of directors, authorised for issue on 30 September 2023 and signed on its behalf by:



Director

Company Registration Number: 00893138
Registered in England and Wales

Financial Statements
for the Year Ended 31 March 2023

Statement of Changes in Equity
for the Year Ended 31 March 2023

	Called-up share capital £'000	Capital reserve £'000	Profit and loss account £'000	Total £'000
At 1 April 2021	50	500	(637)	(87)
Loss for the financial year and total comprehensive expense	-	-	(378)	(378)
At 31 March 2022	50	500	(1,015)	(465)
Loss for the financial year and total comprehensive expense	-	-	(181)	(181)
At 31 March 2023	50	500	(1,196)	(646)

There is no difference between the loss for the year and the total comprehensive loss.

Notes to the Financial Statements
for the Year Ended 31 March 2023

1 SIGNIFICANT ACCOUNTING
POLICIES

The significant accounting policies of the Company are summarised below. They have all been applied consistently throughout the year and in the preceding year.

1.1 General information and basis of
accounting

Specialist Computer Services Limited is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and registered in England and Wales. The registered office of the Company is provided in the Company Information section of this Annual Report. The nature of the Company's operation and its principal activities are set out in the Directors' Report.

The financial statements are prepared under the historical cost convention and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The functional currency of the Company is considered to be pound sterling because that is the currency of the primary economic environment in which the Company operates.

The Company meets the definition of a qualifying entity under FRS 102, paragraph 1.12, and has therefore taken advantage of certain disclosure exemptions available to it in respect of its financial statements in relation to preparing a cash flow statement, related party, and financial instrument disclosures.

1.2 Going concern

The Company's business activities, together with factors likely to affect its future developments, performance and position are set out within the Directors' Report.

The Directors' Report describes the financial position of the Company; its financial risk management objectives and its exposure to credit risk and liquidity risk.

The Company is part of the SCC EMEA Group, which has secured banking facilities in both the UK and Continental Europe used to meet its day to day working capital requirements.

The Company's forecasts and projections take into account decisions taken by the directors to withdraw from the provision of payroll services in the long term. Given that the Company has net current liabilities the parent company has given a guarantee of support for a minimum of 12 months from the date of these financial statements. Accordingly, the directors have given consideration to the basis for which the financial statements should be prepared and have concluded that they have reasonable expectation that the Company has access to the resources necessary to continue in operational existence for a minimum of 12 months from the date of these financial statements. They therefore continue to adopt the going concern basis of accounting in the preparation of the annual financial statements.

1.3 Intangible assets – Software costs

Software costs are capitalised as intangible assets and amortised over the expected useful economic life on a straight line basis. Typically, this period is between two to ten years. Provision is made for any impairment.

1.4 Tangible fixed assets

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

Fixtures and equipment	3 to 20 years
------------------------	---------------

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

Depreciation is not provided on assets in the course of construction until the asset is complete and ready for its intended use. An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced.

Residual value represents the estimated amount which would currently be obtained from disposal of an asset after deducting estimated costs of disposal if the asset were already of the age and in the condition expected at the end of its useful life.

1.5 Impairment of assets

Assets, other than those held at fair value are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment then an impairment loss is recognised in the profit and loss account as described below.

Non-financial assets

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable amount of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. The recoverable amount of goodwill is derived from *measurement of the present value of the future cash flows of the cash generating unit (CGU) of which the goodwill is a part*. Any impairment loss in respect of a CGU is allocated first to the goodwill attached to the CGU and then to other assets within that CGU on a pro-rata basis.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed only on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying value higher than the carrying value had no impairment been recognised. Where a reversal of impairment occurs in respect of a CGU, the reversal is applied first to the assets, other than goodwill, on a pro-rata basis and then to any goodwill allocated to that CGU.

Financial assets

For financial assets carried at amortised cost, the amount of impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would

be received for the asset if it were to be sold at the reporting date

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

1.6 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short term highly liquid investments with original maturities of three months or less.

1.7 Taxation

Current tax, including UK corporation tax and foreign 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 taxable profits of the Company and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments for periods that are different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only when, on the basis of all available evidence, it can be regarded as *more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be*

Notes to the Financial Statements
for the Year Ended 31 March 2023

deducted. When the amount that can be deducted for tax as an asset (other than goodwill) that is recognised in a business combination is less/(more) than the value at which it is recognised, a deferred tax liability/(asset) is recognised for the additional tax that will be paid/(avoided) in respect of that difference.

Similarly a deferred tax asset/(liability) is recognised for the additional tax that will be paid/(avoided) because of a difference between the value at which the liability is recognised and the amount that will be assessed for tax. The amount attributed to goodwill is adjusted by the amount of deferred tax recognised.

Deferred tax is measured using the tax rates that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference.

Where items recognised in other comprehensive income or equity are *chargeable or deductible for tax purposes*, the resulting current or deferred tax expense or income is presented in the same component of the other comprehensive income or equity as the transactions which gave rise to the resultant tax charge or credit.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset only if: a) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the *deferred tax assets and deferred tax liabilities* relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

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 contract, or on a percentage completion basis based on contract deliverables and milestones as appropriate.*

The Company makes contributions to various defined contribution schemes. 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.

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

2 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION OF UNCERTAINTY

In the application of the Company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the *period in which the estimate is revised if the revision affects only that period*, or in the period of revision and future periods if the revision affects both current and future periods.

2.1 Critical judgements in applying the Company's accounting policies

There were no critical judgements made by the *directors during the year in applying the Company's accounting policies*.

2.2 Key sources of estimation of uncertainty

There are no assumptions concerning the future or other sources of uncertainty at the balance sheet date that have a significant risk of causing material adjustment to the carrying value of the assets and liabilities within the next financial year.

Notes to the Financial Statements
for the Year Ended 31 March 2023

3. TURNOVER

All Company turnover is derived from rendering of services. All turnover by geographical destination relates to the United Kingdom.

4. LOSS BEFORE TAXATION

Loss before taxation is stated after charging:

	2023	2022
	£'000	£'000
Depreciation of tangible fixed assets	-	3

5 STAFF COSTS

The average monthly number of employees (including executive directors) of the Company was:

	2023	2022
Administration	14	27

Their aggregate remuneration comprised:

	2023 £'000	2022 £'000
Wages and salaries	631	898
Social security costs	62	87
Pension costs	23	30
	716	1,015

Pension costs relate to contributions into defined contribution schemes.

6 DIRECTORS' REMUNERATION AND TRANSACTIONS

Remuneration

The remuneration of the directors was as follows:

	2023 £'000	2022 £'000
Emoluments	110	107
Company contributions to money purchase schemes	5	5
	115	112

The directors Ms P A Rigby and Mr J P Rigby are paid by and disclosed in the financial statements of Rigby Group (RG) plc. Mr MT Nutter is paid by and disclosed in the financial statements of Specialist Computer Centres plc. It is not practicable to determine the proportions of such emoluments which are attributable to their services as director of the Company.

The total remuneration of directors paid by other Group Companies was £1,333,000 (2022: £1,358,000).

Pensions

The number of directors for whom retirement benefits are accruing under a defined contribution scheme is one (2022: one).

Notes to the Financial Statements
for the Year Ended 31 March 2023

7. TAX ON LOSS

	2023 £'000	2022 £'000
Current tax		
Corporation tax	(44)	(30)
Adjustments in respect of prior years	(5)	-
Total current tax	(49)	(30)
Deferred tax		
Origination and reversal of timing differences	2	(66)
Adjustments in respect of prior years	6	-
Effect of changes in tax rates	(1)	(30)
Total deferred tax (note 12)	7	(96)
Total tax on loss	(42)	(126)

The difference between the total tax credit shown above and the amount calculated by applying the standard rate of UK corporation tax to the loss before tax is as follows.

	2023 £'000	2022 £'000
Factors affecting the tax credit for the year		
Loss before tax	(223)	(504)
Tax on loss at standard UK Corporation tax rate of 19% (2022: 19%)	(42)	(96)
Effects of:		
Adjustment in respect of prior years	1	-
Effect of tax rate changes	(1)	(30)
Total tax credit for year	(42)	(126)

The standard rate of corporation tax in the UK is currently 19%. An increase to the main rate of corporation tax in the UK to 25% from April 2023 was substantively enacted on 24 May 2021. This will increase the company's future current tax charge accordingly. Deferred tax at the balance sheet date has been measured using these enacted tax rates and reflected in these financial statements.

Notes to the Financial Statements
for the Year Ended 31 March 2023

8. INTANGIBLE ASSETS

	Software £'000	Total £'000
Cost		
At 1 April 2022 and 31 March 2023	722	722
Amortisation		
At 1 April 2022 and 31 March 2023	722	722
Net Book Value		
At 31 March 2022 and 31 March 2023	-	-

Software Intangible assets were impaired in 2021 as a result of a review of contract profitability which identified a number of loss making contract, and led to the strategic decision taken for SCS to withdraw from the provision of payroll services.

Notes to the Financial Statements
for the Year Ended 31 March 2023

9 TANGIBLE ASSETS

	Fixtures and equipment £'000
Cost	
At 1 April 2022 and 31 March 2023	473
Depreciation	
At 1 April 2022	473
Charge for the year	-
At 31 March 2023	473
Net Book Value	
At 31 March 2023	-
At 31 March 2022	-

Notes to the Financial Statements
for the Year Ended 31 March 2023

10. DEBTORS

Amounts falling due within one year:

	2023 £'000	2022 £'000
Trade debtors	83	203
Group relief debtor	44	30
Prepayments	11	21
Deferred taxation	124	4
	262	258

Amounts falling due after more than one year:

	2023 £'000	2022 £'000
Deferred taxation	-	127
	-	127

All amounts owed by Group undertakings arise from normal trading activities, are unsecured, non-interest bearing and repayable on demand.

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2023 £'000	2022 £'000
Amounts owed to Group undertakings	178	86
Other taxation and social security	20	38
Other creditors	11	-
Deferred income	-	61
	209	185

There are no securities over creditors except for those disclosed in note 14. All amounts owed to Group undertakings are non-interest bearing and payable on demand.

12. PROVISIONS FOR LIABILITIES

	Onerous Contracts £'000	Redundancy £'000	Total £'000
At 1 April 2022	(297)	(381)	(678)
Utilisation of provision	144	31	175
Additional provision during the year	-	(48)	(48)
At 31 March 2023	(153)	(398)	(551)

The onerous contract provisions represents recognition of projected future losses in respect of ongoing loss making contracts which are due to end in 2023.

The redundancy provision reflects the cost of staff redundancies expected to arise as a result of the decisions taken by the directors to withdraw from the provision of payroll services during 2023.

Deferred Taxation

The Company's net deferred taxation asset/(liability) comprises:

	2023 £'000	2022 £'000
Deferred taxation asset		
- recoverable within one year	124	4
- recoverable after more than one year	-	127
	124	131
		£'000
As at 1 April 2022		131
Charge to profit and loss account		(7)
As at 31 March 2023		124

The deferred taxation asset/(liability) is made up as follows:

	2023 £'000	2022 £'000
Depreciation in excess of capital allowances	33	38
Other timing differences	91	93
	124	131

At 31 March 2023, there are no deferred tax liabilities which have not been provided for (2022: £nil).

13. CALLED-UP SHARE CAPITAL AND RESERVES

	2023 £'000	2022 £'000
Allotted, called-up and fully-paid		
50,000 Ordinary shares of £1 each	50	50

There are no restrictions attached to the ordinary shares. Each holder of the ordinary shares is entitled to one vote at the AGM and to receive dividends.

The Company's reserves comprise the following:

- Profit and loss account which represents the accumulated profits and losses of the Company net of any dividends paid
- A capital reserve of £500,000 representing a capital contribution made by SCC UK Holdings Limited by way of a loan waiver

14. CONTINGENT LIABILITIES

The Company is party to a cross guarantee on the overdrafts and bank facilities of certain UK companies owned directly or indirectly by SCC EMEA Limited. At 31 March 2023, the indebtedness of these UK group undertakings amounted to £119,409 (2022: £Nil).

15. RELATED PARTY TRANSACTIONS

As a 100% indirectly owned subsidiary undertaking of Rigby Group (RG) Plc, the Company has taken advantage of the exemption in FRS 102 from disclosing transactions with other wholly owned companies within the Group headed by Rigby Group (RG) plc.

16. CONTROLLING PARTY

Ultimate parent undertaking

The Company is a subsidiary undertaking of SCC UK Holdings Limited, a company registered in England and Wales.

The results of SCC UK Holdings Limited and Specialist Computer Services Limited are consolidated into those of SCC EMEA Group, registered in England and Wales, being the smallest group for which consolidated financial statements are prepared. Consolidated financial statements are available at James House, Warwick Road, Birmingham, B11 2LE, which is its registered office.

Notes to the Financial Statements
for the Year Ended 31 March 2023

The largest group of which the Company is a member, and for which consolidated financial statements are drawn up, is that headed by Rigby Group (RG) plc. Consolidated financial statements are available at Bridgeway House, Bridgeway, Stratford Upon Avon, Warwickshire, CV37 6YX, which is its registered office.



James House
Warwick Road
Birmingham
B11 2LE



+44 (0) 121 766 7000



online@scc.com



scc.com