

Specialist Computer Centres plc Annual Report and Financial Statements

For the Year ended 31 March 2014



Specialist Computer Centres plc

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Specialist Computer Centres plc

Company Information

Directors

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

Secretary

Mr O G Williams

Company number

01428210

Registered office

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Warwick Road
Birmingham
B11 2LE

Auditors

Deloitte LLP
Chartered Accountants & Statutory Auditor
Four Brindley Place
Birmingham
B1 2HZ

Solicitors

Wragge Lawrence Graham & Co LLP
2 Snowhill
Birmingham
B4 6WR

Specialist Computer Centres plc

Strategic Report for the Year Ended 31st March 2014

The Directors present their Strategic Report for the year ended 31st March 2014. In this report we will present an overview of the company's operations and the performance of the business during the year ended 31st March 2014

Who we are

- SCC is a Technology Solutions Provider, supplying, integrating and managing our customers IT products and services.
- Part of SCC EMEA, Europe's largest independent IT group with 38 years of profitable growth and a direct presence across five countries.
- SCC is also part of the privately owned, financially secure, Rigby Group, recently named Family Business of the Year at the prestigious Private Business Awards 2013. The Rigby Group established itself as the 19th largest privately owned business in the UK.

What we do

- We help our customers release immediate cost savings and maximise the benefits of their investment in IT infrastructure.
- We help companies and government organisations optimise their IT infrastructure to reduce cost and increase organisational agility.
- We work with our people, customers and partners to help champion sustainable IT and deliver competitive advantage through reduced costs, improved efficiency and enhanced brand value and reputation.
- Our portfolio of services spans from supply through to fully managed services, infrastructure optimisation, unified communications and data centre services. We deliver Managed Service, Professional Services and Data Centre Services.

Our strategy for increasing profitability and reducing cost for our customers focuses on seven key areas:

- *Enterprise Infrastructure*
- *Datacentre Hosting and Cloud Infrastructure*
- *IT Outsourcing*
- *Desktop & Workplace*
- *Software and Software Asset Management*
- *Network and Security*
- *Flexible Resourcing*

Our Customers

- Our customer base is spread over both the public and private sector mid-market companies, to which we offer our range of Strategic Propositions.
- We have built an impressive list of clients including British Airways, HMRC, Canal and River Trust, CEVA, PICT and Leeds City Council among many others.
- Many of our existing customers have extended and increased the size and scope of their business with us, including British Airways, CSC, Nissan, Coral, MBDA, Atradius and The National Trust for which we have created a dedicated branded Service Centre.

Specialist Computer Centres plc

Strategic Report for the Year Ended 31st March 2014 (continued)

- We are pleased to have as new customers during the last financial year organisations including Marie Curie Cancer Care, Wales & West Utilities, GIST, BOC, CMS, Price Forbes, Eurostar, Samworth Brothers and United Utilities.

Our Partners

Strategic Vendor Partnerships underpin our business strategy. Partnerships have been established with many vendors of which HP, EMC, Cisco, IBM, VMWare, Microsoft, NetApp, Lenovo and Oracle are pre-eminent.

We hold significant Vendor Accreditations with all of our partners.

Vendor Awards

During the last fiscal, SCC secured a number of global awards from several vendor partners, including HP and Oracle.

In 2013 we were awarded Global Specialized Partner of the Year in Server and Storage by Oracle, in recognition of our commitment to delivering innovative specialized solutions and services based on Oracle software and hardware. We were praised for the design and build of an outstanding and innovative HR solution using Oracle SPARC servers and Pillar Axiom storage systems hosted from our UK Data Centre providing 24-7 service to over 1500 nationwide locations.

In March 2014 SCC were recognised with the HP Partner One Worldwide New Style of IT Partner of the Year Award, which honoured the company for its sustained innovation in cloud, mobility, big data and security areas of IT.

SCC has actively pursued a strategy underpinned by technologies like cloud, mobility, big data and security. To be recognised as a global leader in these areas, by a partner that shares the same vision, has served as a confirmation of the credibility of the company's approach.

Our Ambition

“ We aim to be recognised by our customers, employees, vendors and partners as the Market Leading Technology Solutions Provider around the Infrastructure “

Following an extensive business review and planning process the company has enacted a 3 year plan to deliver our ambition. By our fiscal 2017, we are targeting to achieve £50m EBITDA across SCC EMEA.

A detailed business transformation programme has been instigated to deliver this target which will represent achievement of a return on current net assets of 13 % in excess of the sustainable target set in our Business Review of 12%.

Our financial performance for the year ended 31st March 2014, shows that we are already on track to achieve our objectives

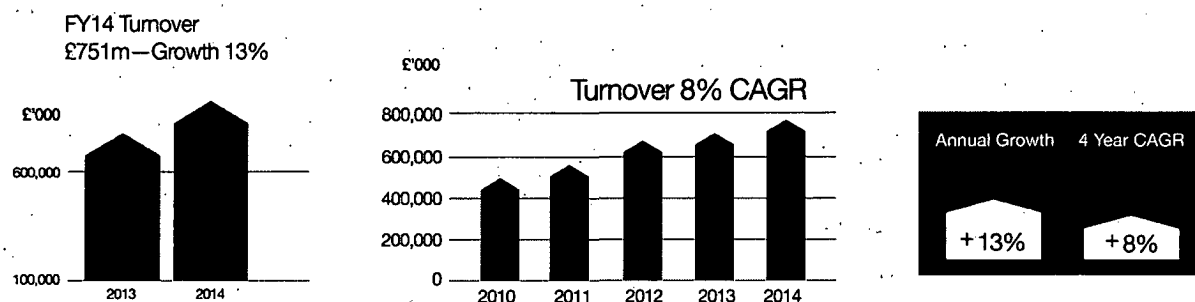
Specialist Computer Centres plc

Strategic Report for the Year Ended 31st March 2014 (continued)

Our UK Performance

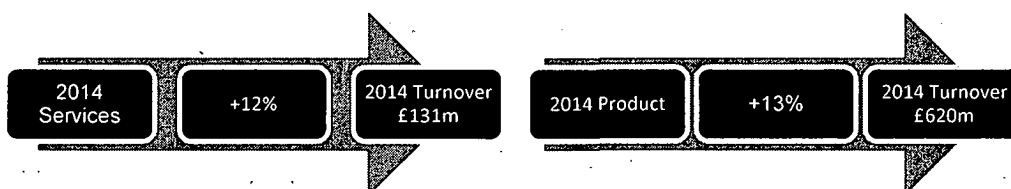
Turnover

Over the last year we have grown our company turnover by 13%, 5 points ahead of our 4 year trend in compound annual growth (CAGR).



Analysis of Turnover into Key Components	Share	2014 Revenue	Annual Growth %
Supply	84%	£627m	13%
Integrate	5%	£38m	19%
Manage	11%	£86m	15%
		£751m	

All areas of our business grew in 2014 with our product business growing by 13% to £620m and our services business by 12% to £131m.



Services Growth

Analysis of Turnover by Key Component	2014 Revenue	Annual Growth %
Managed Services	£72m	8%
Professional Services	£38m	19%
Data Centre & Cloud Services	£14m	69%
Refurbishment & Disposal	£7m	12%

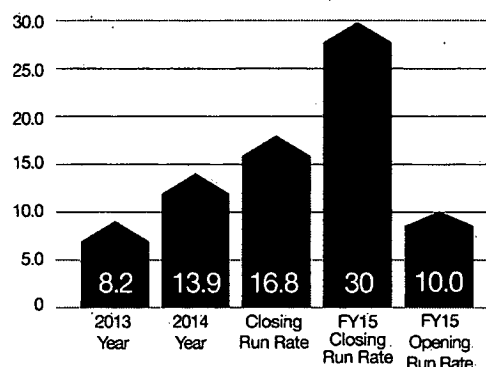
Our Datacentre and Cloud Services revenues grew by 69% supported by a large number of new customer wins. These included Gist, Aggregate Industries, BOC, IBM, Oxford Council, CAA and Highways Agency. Collectively, these wins delivered in excess of £50m of contract value and SCC enters the new financial year with a strong number of additional contracts that are in transition.

Specialist Computer Centres plc

Strategic Report for the Year Ended 31st March 2014 (continued)

Our current run rate of annualised revenues from Data Centre services at the end of the 2014 year reached £17m up from £10m annualised run rate at the start of the year. Current projections show an annual run rate reaching £30m by the end of the current 2015 financial year.

Data Centre Services Turnover £m



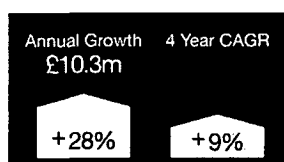
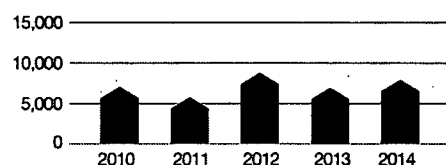
Our Professional Services business benefited from the necessity of customers to migrate away from Windows XP. Key multi-million pound wins in the professional services practice included Eurostar, Aldermore Bank, BOC, United Utilities, and Babcock.

Our Managed Services business also secured many new customer wins and renewals, many of which went live in our second half and positioned the business for further growth. Key multiyear, multimillion pound annuity service wins or renewals included Mitie, CMS Cameron McKenna, BOC, TUI, Konica Minolta, Volac, National Trust, CSC, Messier Dowty, Price Forbes, Nissari and British Airways.

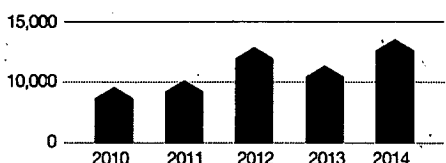
Operating Profit

We measure our operating profit performance in terms of Underlying* EBITA, EBITDA and EBIT.

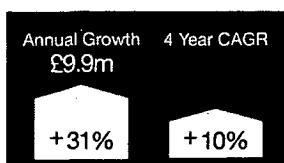
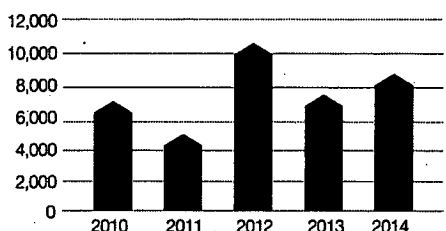
EBITA 9% CAGR



EBITDA 17.5% CAGR



EBIT 10% CAGR



Our 2014 performance is above our 4 year trend in all measures.

EBITA has grown by 25% to £10.3m, EBITDA has grown by 25% and EBIT has grown by 31%.

*Underlying profit measures are calculated after adding back non underlying charges –see table on page 12 for reconciliation to statutory format.

* EBIT is defined as Earnings before Tax. EBITA is EBIT before Amortisation of Goodwill; EBITDA is EBITA before Depreciation

Specialist Computer Centres plc

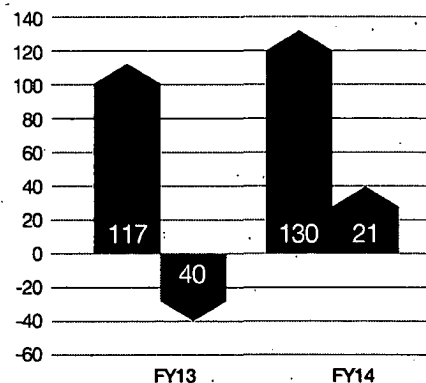
Strategic Report for the Year Ended 31st March 2014 (continued)

Cash and Cash Flow

At the end of March 2014 we reported Net Cash of £130m, an 11% growth over the prior year.

During the year we generated Free Cash Flow** of £21m compared to a £40m utilisation in the prior year. **calculated as EBIT less tax at standard rate add Depreciation & Amortisation less Capital Spend adjusted for movements in Working Capital.

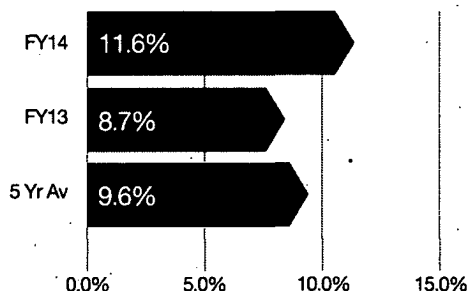
Net Debt & Free Cash Flow £m



Return on Assets

Our annual pre-tax return on shareholders funds at 11.6% was a 33% improvement on the prior year and comfortably exceeded the 5 year average return of 9.6%

PBT Returns on Assets



The results in this UK performance report refer to the unconsolidated results of Specialist Computer Centres plc

Our Operations

Located in Birmingham, our Head Office is on the same site as our SCC EMEA European Headquarters and is complemented by local offices around the country to support our customers in all major UK population centres.

Our Data Centre Operations are also based at our own Birmingham Technology Campus where investment in recent years has created a datacentre for private and public sector customers. Shared Service Centre operations managed locally through our sister company in Romania, enable us to provide cost effective high skill services to our customers. Now located in both Bacau and Iasi our operation has grown to over 600 staff with plans for further expansion to meet demand for their services.

Our Recycling Services managed from our National Recycling Centre in Birmingham were awarded Electrical and Electronic Equipment Recycler of the Year Award 2013.

We recently opened our prestigious new London offices in Bevis Marks to support its growing London City branch where turnover grew by 19% during the year.

Specialist Computer Centres plc

Strategic Report for the Year Ended 31st March 2014 (continued)

Distribution Partnership

SCC's successful partnership with Tech Data Europe was further enhanced during the year following an extension to the existing \$3bn preferred supplier contract which will now run for an additional year until 2019.

The company also completed the smooth transition of services following the group's disposal of its SDG distribution businesses in 2012. Complex programmes of transition in both the UK company and its sister company in France were completed successfully during the year to ensure no disruption of the service to our customers.

Our Investments

Historically profitable, SCC has sought to re-invest profits back into the business, maintaining a prudent dividend policy to ensure that funds are available for investment both organically and where appropriate by acquisition. Dividends paid in the year of £17.5m are the first since 2011 as the shareholders remain committed to maintaining adequate capital to provide the investment necessary to support future growth.

Data Centre Investments

Investment in our own Data Centre over the last few years has continued with an additional investment in the last financial year of £1.5m bringing the total investment in the facility up to £20m. Demand for hosting services has grown significantly over the last 18 months with run rate annual annuity revenues of £19m.

SCC was the first UK Company to receive government accreditation for its secure multi-tenanted cloud service - "Sentinel". Customer demand continues to grow for the unique range of services which SCC can deliver to this important customer base.

Growth in overall demand for Data Centre services has required further investment at our Birmingham Data Centre, where capacity to meet projected demand will double by January 2015 following the commencement of an additional £4m investment programme to extend the current facilities. The programme brings with it further offsite datacentre hosting capacity through a partnership arrangement with data centre provider Node4 and opportunities for further expansion on our existing site.

Systems Investment

As part of the company's strategic review in 2013, an opportunity was identified to enhance the services provided to customers and efficiently scale the delivery of those services, through the replacement of SCC's core operating systems. A £10m investment programme has been commenced to deliver the necessary enhancements for the company and its sister company in France.

Specialist Computer Centres plc

Strategic Report for the Year Ended 31st March 2014 (continued)

Managed Print Investment

In February 2014 SCC strengthened its print services division with the £18m acquisition of M2 Digital Limited ("M2"), the UK's leading independent managed print services business.

Previously only one of five nationwide independents in a UK sector growing at 15% per annum, M2 is a market leading vendor independent nationwide managed print services player in a sector growing at around 15% per annum. Serving multiple FTSE organisations, M2 developed its own market-leading fully integrated service and supply-chain management platform, M2 Intelligence, which provides customers with real-time control over their entire print services estate.

M2 brings a best-of-breed reputation and an expanding operation to SCC's managed service proposition that now embraces everything from hosting and virtualisation to print for public and private sector businesses.

M2 has now been integrated with SCC's existing print services operation, enhancing the company's specialist capabilities.

Representing an early landmark in the company's strategic plan to significantly expand and strengthen its service division, this investment sees M2's strong recurring revenues and 160 skilled staff join the SCC brand.

SCC and M2 now have 25,000 print devices under its management in the UK with a revenue stream of £37m per annum. Across Europe, our managed print business is a £60m business managing 50,000 devices.

We anticipate that the UK business will grow to annual revenues of £50m with 35,000 managed devices by the end of 2016, positioning SCC as the leading independent managed print provider.



Specialist Computer Centres plc

Strategic Report for the Year Ended 31st March 2014 (continued)

Investment in People

SCC recognises the importance of its people to the success of the company and to ensuring that customers receive the correct level of pre and post sales technical support. Investment in people has been a key feature in the transition of the company's cost base and is key to delivering customers the quality services they require

In the last year our average headcount has grown by less than 1% to 1800, whilst the average cost per head has risen by 5% reflecting the increase in skill base.

Costs	Annual Growth	5 Year Growth Rate CAGR
Headcount	+ 1.6%	(2.2%)
Costs	+ 7.1%	+ 2.5%
Cost per Head	+ 5.4%	+ 4.7%

Contribution per Head	Annual Growth	5 Year Growth Rate CAGR
Turnover	+ 11.1%	+ 10.4%
EBITDA	+ 25.1%	+ 14.3%
PBT	+ 45.6%	+ 19.3%

The contribution per head has seen a marked improvement with turnover per head rising by 11%, EBITDA by 25% and PBT 46%. The trend is a continuation of the 5 year view where growth in turnover and profit contributions per head, are outstripping growth in headcount and associated costs.

✓
Our Investment in People
is delivering results

Other Asset Investments

- Total fixed assets grew by 32% in the year primarily due to the investment in our print services specialist M2
- Net Book Value of tangible assets were comparable to the prior year however have increased 32% over the last 5 years as our investment in DataCentre capabilities have grown
- Investment in our DataCentre assets during the year totalled £1.5m bring the total over the last 5 years to £20m.
- The DataCentre came into full operation from the start of our last financial period reflected in the transfer from assets in the course of construction to Fixtures & Equipment
- Of this DataCentre investment £6m has been in the government accredited and dedicated Sentinel platform
- Our Datacentre extension had not commenced by the end of FY14, however we expect it to be fully operational by the end of our next fiscal period.
- Assets in the course of construction represent the start of our investment in systems replacement

Future Investments

The company recognises the importance of focused investment to the sustainable future of the company and remains committed to investing in the future of SCC. Being part of the financially secure Rigby Group, the company is assured of further group funds being available to make strategically important investments. The group has earmarked £60m of funds for investment in SCC.

Specialist Computer Centres plc

Strategic Report for the Year Ended 31st March 2014 (continued)

Financial Review

Principal Risks & Uncertainties

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

Key Performance Indicators

The company produces detailed management reports and financial statements on a monthly or more frequent basis. Tracking Key Performance Indicators ("KPI's") are an integral part of this reporting. Monthly management reporting focuses on the actual performance of the business compared to the budget set for the current financial year and the comparable period of the previous financial year.

The financial KPI's that are a part of this review process include turnover growth, gross profit percentage, overhead costs as a percentage of sales, pre-tax return on sales and working capital management via the reporting of the company's cash conversion cycle. Non-financial measures tracked include employee turnover, employee numbers and sales revenue per employee. 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.

Treasury

- Net Cash finished the year at £130m compared to £117m in the prior year end representing growth of 11%
- Banking Facilities already in place with HSBC, were enhanced with additional loan and overdraft facilities with the Royal Bank of Scotland.

Research and Development expenditure

In the 3 years to 31st March 2013, we spent a total of £8.5m as we find innovative solutions to customer's technical challenges and invest in asset solutions. In the year to March 2014, we have continued to invest in research and development.

Underlying Operating Profit

Underlying operating profit in this report is calculated after adding back non underlying items classified in the statutory accounts as either operating exceptional items or within overheads

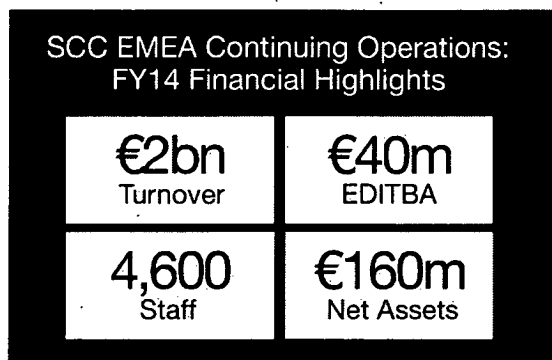
	<u>FY14</u>	<u>FY13</u>
Operating profit EBIT	<u>8,300</u>	<u>7,335</u>
Non Underlying Items	1,624	213
- Restructuring	511	213
- Non Repeating Operating Items	1,113	0
Underlying EBIT	<u>9,924</u>	<u>7,548</u>
- Amortisation of goodwill	390	522
Underlying EBITA	<u>10,314</u>	<u>8,070</u>
- Depreciation	6,731	5,549
Underlying EBITDA	<u>17,045</u>	<u>13,619</u>

Specialist Computer Centres plc

Strategic Report for the Year Ended 31st March 2014 (continued)

Our Group :- SCC EMEA Operations and Performance

SCC in the UK is a key part of the SCC EMEA group operating successfully in a number of European territories including France, Spain and Romania. In each of these territories we operate in legal entities separate to our UK operating company.



The UK operation contributed 46% of Turnover and 50% of EBITDA of the SCC EMEA group. In addition to the UK operation, SCC trades in France where we operate as SCC S.A., SCC Services S.A., SCH Leasing Services S.A.; in Spain as Specialist Computer Centres S.L. and in Romania as S.C. SCC Services Romania SRL. This financial summary of SCC EMEA includes the results of the UK company, Specialist Computer Centres plc, together with all of the subsidiaries of SCC EMEA Ltd, of which the principal trading companies are listed above.

SCC EMEA group Financial Highlights

Turnover growth

Total SCC group turnover declined from £2.2bn to £1.7bn during the year as the prior year included the turnover of the SDG distribution businesses. After excluding entities disposed of in the latest and prior financial years, turnover from continuing operations grew by 10% to €2.0bn (£1.7bn). Turnover for the year to March 2014 included £76m relating to SCC Netherlands with £80m contributed in the prior year to March 2013, during which the SDG distribution businesses also contributed £609m of turnover.

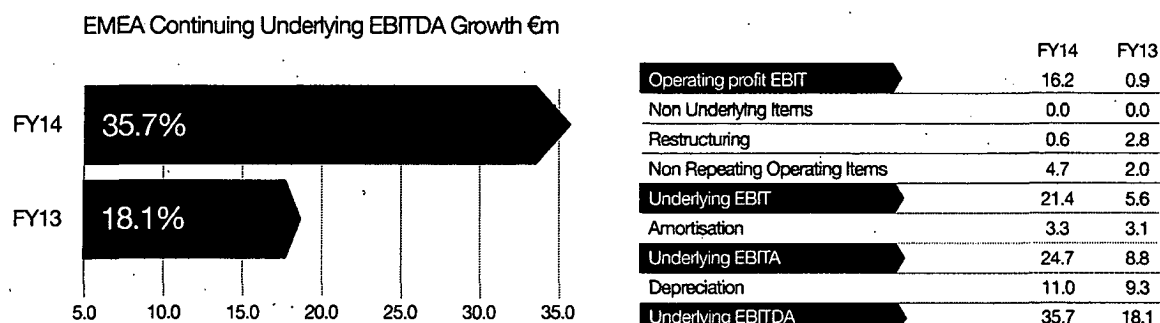
EBITDA growth

Total SCC group EBITDA grew to £28m following growth in all major territories. Our forward looking view has improved significantly. Comparing our March 2014 closing view of our continuing businesses, to the equivalent view at the close of our prior financial period, EBITDA from our continuing businesses has improved from £13m to £30m. Improvements in the performance of our core territories and the disposal of operations in the Netherlands account for this significant improvement in our forward looking prospects.

Our underlying EBITDA, after excluding Management's view of non-recurring items, has improved 100% to £36m

Specialist Computer Centres plc

Strategic Report for the Year Ended 31st March 2014 (continued)



Our Group Structure

In recent years SCC EMEA has refocused operations on its core territories and business as a Technology Solutions Provider. These changes included the Group's divestment of its European distribution businesses in 2012.

Company structure simplification programmes commenced during the last year, to reduce the number of entities within the Group. These programmes in a number of countries including the UK, will not impact trading operations but provide greater clarity of the Group's financial structure as legacy legal entities are tidied up. A number of steps have already taken place with an acceleration of the programme scheduled for the year to March 2015.

SCC in France enjoyed further revenue growth of 8% to £845m and its best year of EBITDA at £14m. The business secured numerous key government and private sector contracts and enters FY15 with a clear strategy to drive the services business revenues to £150m in the coming years.

Despite SCC in Spain witnessing a 1.7% decline in revenue to £40m in difficult economic conditions, margins were grown and the business delivered an improved EBITDA of £0.5m. The team remained focused on their transition to a services led business.

SCC Romania saw revenues increase by 72% and the business delivered EBITDA of £0.7m. During the year, headcount increased to 600 at their facilities in Iasi and Bacau. During FY15, we expect to grow to more than 900 people in Romania.

In June 2014, the Group sold its Netherlands business to Systemax Inc. as the Group followed its strategy to focus on core markets whilst continuing to strengthen the business as a services led business. The Dutch business was sub scale to meet the business's objectives of being market leading within local territories.

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

James Rigby
Chief Executive

26th September 2014

Specialist Computer Centres plc

Directors Report for the Year Ended 31st March 2014

The Directors present their report and the audited financial statements of the company for the year to 31st March 2014.

Strategic Report

A separate Strategic Report has been prepared in compliance with the Companies Act 2006 and contains information about the company's business model, strategy, business performance over the last year and its prospects for the future, together with its research and development expenditure.

Summary Performance and Dividends declared

The company's activities during the year generated turnover of £751m representing growth of 13% over the prior year. Profit before tax of £10.5m was generated in the year compared to £7.1m in the prior year.

A Dividend totalling £17.5m was declared and paid in the year. This is the first dividend declared in 3 years.

During the year SCC generated £21m cash to support the payment of this dividend following which the net assets at the 31st March 2014 were £83m comfortably within the target range and ahead of £75m net assets immediately after the last dividend payment in 2011.

Financial Risks

The company is a UK based business financed by equity and external debt maintained to meet operational liquidity requirements. Transactions are denominated primarily in sterling however where appropriate forward currency contracts are entered into to eliminate any exposure to foreign currency fluctuations. External financing facilities are denominated in sterling and are at floating market rates with no interest rate derivatives in place.

The company's principal financial operating risks are Liquidity and Credit Risk.

Liquidity Risk

Liquidity is managed through efficient operational cash management processes combined with forward looking treasury policies designed to ensure that funding will always be available to meet projected peak requirements. At the 31st March 2014, the company had a Net Cash position of £130m. Cash pooling arrangements are in place for the company's sterling facilities and efficient treasury operations across the Rigby Group minimise net interest costs. Long standing banking relations are in place, notably with HSBC. Counterparty risk is considered when selecting all funding partners and the company's counterparty risk profile closely monitored. Following the recent acquisition of M2 Digital, additional facilities of £6m were put in place with RBS.

As a wholly owned subsidiary of the Rigby Group (RG) plc group of companies, the company has access to considerable funds for strategic use though these are not in use at the 31st March 2014.

Credit Risk

Close management of customer credit risk is achieved through the setting of and monitoring of limits for each customer. Limits are set in line with the customer's profile of credit worthiness, the business needs and nature of engagement. Credit Insurance is maintained with a leading global insurance partner for a significant proportion of the customer base. Credit limits and profiles are regularly monitored by a dedicated credit function working closely with the operations team. Current levels of customer concentration and risk are considered by the directors to be acceptable.

Specialist Computer Centres plc

Directors Report for the Year Ended 31st March 2014 (continued)

Environment

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

Since September 2010, SCC has been working with leading Carbon Management Company CO2 Balance to calculate and offset the carbon dioxide emissions created from the operation of our Data Centres and Recycling facility to achieve CarbonZero status. This has been achieved through our support of projects such as the Energy Efficient Stove Project in Kenya and the Borehole Rehabilitation Project in Uganda.

In the year to March 2014, we reduced our Gross Carbon Emissions by 4% compared to the prior year and we further reduced our environmental impact by another 42% through Carbon Offset Credits.

Corporate Social Responsibility

Corporate Social Responsibility issues are important to our stakeholders and we are determined to fulfil our responsibilities to our customers, employees, suppliers, communities and the global environment. Our approach is supported by our family values.

We ensure that our business is conducted to rigorous ethical, professional and legal standards. We operate the business in an environmentally responsible manner, providing high quality and sustainable products and services to our customers with integrity and care; provide our people with a safe and rewarding workplace and act as good neighbours, making positive contributions to the communities in which we operate.

We have set objectives to support our principles. We aim to reduce our energy consumption in all key premises; off-Set the Carbon Emissions from our UK Services Data Centres and from Road Vehicles; reduce Water and Waste Consumption; increase Employee's CSR Awareness; increase Recycling within our Refurbishment and Disposal operations; decrease Noise and Air Pollution; decrease consumption of Paper and Packaging; and to increase the number of Charity Partners that focus on social and environmental needs.

We run a successful apprenticeship scheme for 16-19 year olds within our Managed Services operation to provide real opportunities for young people in our locality.

Our Commitments are monitored and evaluated by our Corporate Social Responsibility Committee.

Specialist Computer Centres plc

Directors Report for the Year Ended 31st March 2014 (continued)

Business Ethics

SCC is committed to ensuring full compliance with the Bribery Act 2010. Our corporate conduct is based on our commitment to acting professionally, fairly and with integrity. SCC does not tolerate any form of bribery or corruption.

SCC has a number of fundamental principles and values which it believes are the foundation of sound and fair business practise and as such are important to uphold. We have a zero tolerance position in relation to bribery, wherever and in whatever form that may be encountered. It is our policy to comply with all laws, rules and regulations governing bribery and corruption, in all the countries in which we operate.

Our comprehensive policy is applicable to all staff and covers all areas of our operations including Gifts and Hospitality, Events and Sponsorships, the making of all types of Payments to businesses charities or of a political nature and in the operation of credit policies within our business.

Charitable Support

SCC has a long history of supporting the communities directly touched by our business and believes that building and maintaining relationships of trust in the community is vital to the sustainable future of our business. SCC chose Marie Curie Cancer Care as our chosen charity for 2013.

The Company is an active supporter of The Rigby Foundation, a registered charity, which operates independently of the business and makes donations to various charitable organisations that had the following charitable purposes: the advancement of health or the saving of lives; the advancement of education; the advancement of the arts, culture and heritage; the advancement of amateur sport; and the relief of those in need, by reason of ill health and/or disability, financial hardship or other disadvantage.

In addition we operate a significant giving programme supporting employee and community interests, selecting charities to support each year.

There were no political contributions made by the Company during the year (2013 - £Nil).

Employees

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

Specialist Computer Centres plc

Directors Report for the Year Ended 31st March 2014 (continued)

Going Concern

In light of the financial and commercial positions set out in the Directors Report and Strategic Reports and the considerable opportunities for future profitable growth, the directors consider that the company is in a strong position to manage its risks even in prolonged circumstances of weaker economic activity.

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 the foreseeable future. They therefore continue to adopt the going concern basis of accounting in the preparation of the annual financial statements.

Directors and Directors Indemnities

The following directors have held office since 1st April 2013 :-

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

No directors resigned during the year. Mr I P Scott resigned on 12th May 2014.

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 Responsibility Statement

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

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

In preparing these financial statements, the directors are required to:

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

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

Specialist Computer Centres plc

Directors Report for the Year Ended 31st March 2014 (continued)

Auditors

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

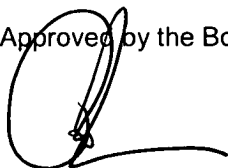
Statement of Disclosure to the Auditors

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 auditor is unaware; and
- the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

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

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



James Rigby
Chief Executive

26th September 2014

Specialist Computer Centres plc

Independent Auditors' Report to the Members of Specialist Computer Centres PLC

We have audited the financial statements of Specialist Computer Centres plc for the year ended 31 March 2014 which comprise the Profit and Loss account, the Balance Sheet and the related notes 1 to 26. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement, 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 2014 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 Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Specialist Computer Centres plc

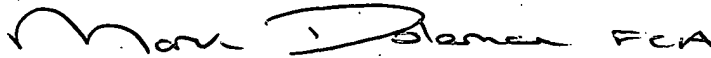
Independent Auditors' Report to the Members of Specialist Computer Centres PLC (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or

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



Chartered Accountants & Statutory Auditor
Four Brindley Place
Birmingham
B1 2HZ

26th September 2014

Specialist Computer Centres plc

Profit and Loss Account for the Year Ended 31 March 2014

	Notes	2014 £'000	2013 £'000
Turnover	2	751,103	665,303
Cost of sales		(662,360)	(584,498)
Gross profit		88,743	80,805
Operating expenses (includes exceptional costs of £1.113m, see note 3)		(80,546)	(73,577)
Other operating income		103	107
Operating profit	5	8,300	7,335
Investment income	4	3,006	-
Other interest receivable and similar income	4	3	-
Interest payable and similar charges	6	(809)	(240)
Profit on ordinary activities before taxation		10,500	7,095
Tax on profit on ordinary activities	9	(570)	1,990
Profit for the year	20	9,930	9,085

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

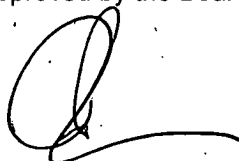
There are no recognised gains and losses other than those passing through the profit and loss account.

Specialist Computer Centres plc

Balance Sheet
as at 31 March 2014

	Notes	2014 £'000	2013 £'000
Fixed assets			
Intangible assets	11	2,544	2,934
Tangible assets	12	29,566	30,757
Investments	13	12,531	74
		44,641	33,765
Current assets			
Stocks	14	5,125	4,802
Debtors due within one year	15	188,309	174,185
Cash at bank and in hand		130,865	119,356
		324,299	298,343
Creditors: amounts falling due within one year	16	(281,548)	(234,485)
Net current assets		42,751	62,858
Total assets less current liabilities		87,392	96,623
Creditors: amounts falling due after more than one year	17	(3,236)	(4,822)
Provisions for liabilities	18	(902)	(977)
		83,254	90,824
Capital and reserves			
Called up share capital	21	1,000	1,000
Profit and loss account	20	82,254	89,824
Shareholders' funds	22	83,254	90,824

Approved by the Board and authorised for issue on 22 September 2014



James Rigby
Chief Executive

Company Registration No. 01428210

Specialist Computer Centres plc

Notes to the Financial Statements for the Year Ended 31 March 2014 (continued)

1 Accounting policies

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

1.1 Basis of accounting

The financial statements are prepared under the historical cost convention.

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

1.2 Going concern

The company's business activities, together with factors likely to affect its future developments, performance and position are set out in the Strategic Report on pages 4 to 14. The director's report on pages 15 to 19 describes the financial position of the company, its financial risk management objectives and its exposure to credit risk and liquidity risk.

The company is part of the Rigby Group (RG) plc ("RG") 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 group has one primary source of external finance in the UK where loans and an overdraft are secured over the trade receivables of the company.

The company and the RG group's forecasts and projections, taking account of reasonable possible changes in trading performance, show that the group and company should be able to operate within the level of its current facilities and available cash resources. As a consequence, the directors believe that the group is well placed to manage its business risks successfully despite the current uncertain economic outlook.

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

1.3 Goodwill

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

Specialist Computer Centres plc

Notes to the Financial Statements for the Year Ended 31 March 2014 (continued)

1.4 Tangible fixed assets and depreciation

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

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

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

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

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

1.5 Investments

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

1.6 Stock

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

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

1.7 Taxation

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

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

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

Specialist Computer Centres plc

Notes to the Financial Statements for the Year Ended 31 March 2014 (continued)

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 Leasing accounting

Lease contracts sold

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

Lease contracts not subsequently reassigned

(a) Finance leases

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

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

(b) Operating leases

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

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

Leased assets

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

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

Specialist Computer Centres plc

Notes to the Financial Statements for the Year Ended 31 March 2014 (continued)

1.10 Pension costs

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

1.11 Foreign currency translation

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

1.12 Derivative financial statements

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

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

If an instrument ceases to be accounted for as a hedge, for example because the underlying hedged position is eliminated, the instrument is marked to market and any resulting profit or loss recognised at that time. At each period end, the fair value of derivative financial instruments is calculated and disclosed within the financial statements where material.

1.13 Finance costs

Finance costs of financial liabilities are recognised in the profit and loss account over the term of such instruments at a constant rate on the carrying amount.

Finance costs which are directly attributable to the construction of tangible fixed assets are capitalised as part of the cost of those assets. The commencement of capitalisation begins where both finance costs and expenditures for the asset are being incurred and activities that are necessary to get the asset ready for use are in progress. Capitalisation ceases when substantially all of the activities necessary to get asset ready for use are complete.

1.14 Rebates and marketing income

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

Specialist Computer Centres plc

Notes to the Financial Statements for the Year Ended 31 March 2014 (continued)

1.15 Government grants

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

2 Segmental information

Geographical market

Turnover

	2014 £'000	2013 £'000
United Kingdom	741,716	655,583
Continental Europe	9,136	9,639
Rest of the World	251	81
	751,103	665,303

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

3 Exceptional operating costs

During the year the company incurred £363,000 in professional fees in relation to a review of the company's strategy. The company also incurred £750,000 in reorganisation costs which primarily related to redundancy payments. The impact on taxation of the exceptional operating costs was to reduce the tax charge by £256,000.

4 Investment income

	2014 £'000	2013 £'000
Interest received on loans to group undertakings	3,006	-
Other interest	3	-
	3,009	-

5 Profit on ordinary activities before taxation

	2014 £'000	2013 £'000
Profit on ordinary activities before taxation is stated after charging:-		
Amortisation of intangible assets	390	522
Depreciation of tangible assets	6,730	5,549
Operating lease rentals	5,309	5,092
Fees payable to the company's auditor for the audit of the company's annual financial statements	62	62
and after crediting:-		
Government grant income	(103)	(107)
Profit on disposal of tangible assets	(6)	(56)
Loss/(Profit) on foreign exchange transactions	21	(138)

Specialist Computer Centres plc

Notes to the Financial Statements for the Year Ended 31 March 2014 (continued)

	2014	2013
	£'000	£'000
6 Interest payable		
On bank loans and overdrafts	696	-
Hire purchase interest	98	161
Other interest	15	79
	<u>809</u>	<u>240</u>
7 Number of Employees		
The average monthly number of employees (including directors) during the year was:		
	2014 Number	2013 Number
Sales	338	343
Engineering	1,052	992
Administrative	254	273
Warehouse	157	164
	<u>1,801</u>	<u>1,772</u>
Employment costs		
	£'000	£'000
Wages and salaries	69,180	64,671
Social security costs	7,891	7,379
Other pension costs (see note 19)	1,487	1,274
	<u>78,558</u>	<u>73,324</u>
8 Directors' remuneration		
	2014 £'000	2013 £'000
Remuneration for qualifying services	1,978	1,746
Company Pension Contributions	96	150
	<u>2,074</u>	<u>1,896</u>

The above amounts do not include any gains made on the exercise of share options or the value of any shares or share options received. No directors exercised share options in the year (2013 - Nil). During the year, no share options were granted to the directors (2013 - Nil). The emoluments of Sir Peter Rigby, Ms P A Rigby and Messrs J Rigby and S P Rigby are paid by another group company. It is not practicable to determine the proportions of such emoluments which are attributable to the directors' services to the company. The total emoluments for these directors are taken into account in the disclosure of directors' emoluments in the financial statements of Rigby Group (RG) plc, the ultimate parent undertaking.

Pensions

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 6 (2013 - 7).

Specialist Computer Centres plc

Notes to the Financial Statements for the Year Ended 31 March 2014 (continued)

Highest-paid director

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

	2014 £'000	2013 £'000
Remuneration for qualifying services	529	319
Company pension contributions to defined contribution schemes	39	89
	<u>618</u>	<u>408</u>

The highest paid director exercised no share options during the year (2013 - Nil) and was granted no share options during the year (2013 - Nil).

9 Taxation

	2014 £'000	2013 £'000
Domestic current year tax		
U.K. corporation tax	764	116
Adjustment for prior years	(381)	(1,355)
Total current tax	<u>383</u>	<u>(1,239)</u>

Deferred tax

Origination and reversal of timing differences	64	(454)
Deferred tax adjustments arising in previous periods	123	(297)
	<u>187</u>	<u>(751)</u>
	<u>570</u>	<u>(1,990)</u>

Factors affecting the tax charge for the year

Profit on ordinary activities before taxation	<u>10,500</u>	<u>7,095</u>
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Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 23.00% (2013 - 24.00%)	<u>2,415</u>	<u>1,703</u>
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Effects of:

Expenses not deductible for tax purposes	240	220
Depreciation in excess of capital allowances	171	534
Other timing differences	(124)	(233)
Brought forward losses utilised	(207)	(6)
Receipt of group relief not paid for	(1,731)	(2,102)
Adjustment to tax charge in respect of previous periods	(381)	(1,355)
	<u>(2,032)</u>	<u>(2,942)</u>

Current tax charge for the year

	<u>383</u>	<u>(1,239)</u>
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Specialist Computer Centres plc

Notes to the Financial Statements for the Year Ended 31 March 2014 (continued)

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 23%.

The corporation tax rate reduced from 24% to 23% with effect from 1 April 2013. The March 2013 budget announced that the main rate of corporation tax would reduce to 21% from 1 April 2014 and to 20% from 1 April 2015.

The legislation to reduce the tax rate to 21% from 1 April 2014 and 20% from 1 April 2015 was substantively enacted on 17 July 2013 and therefore has been reflected in the financial statements for the purpose of calculating deferred tax assets and liabilities (2013 – 24%).

10	Dividends	2014 £'000	2013 £'000
	Final dividend paid of £17.50 (2013 - £Nil) per ordinary share	<u>17,500</u>	<u>-</u>
11	Intangible fixed assets		Goodwill £'000
	Cost		
	At 1 April 2013 and at 31 March 2014		<u>6,879</u>
	Amortisation		
	At 1 April 2013		3,945
	Charge for the year		<u>390</u>
	At 31 March 2014		<u>4,335</u>
	Net book value		
	At 31 March 2014		<u>2,544</u>
	At 31 March 2013		<u>2,934</u>

Specialist Computer Centres plc

Notes to the Financial Statements for the Year Ended 31 March 2014 (continued)

12 Tangible fixed assets

	Leasehold Buildings £'000	Fixtures and equipment £'000	Assets in the course of construction £'000	Motor Vehicles £'000	Total £'000
Cost					
At 1 April 2013	21,170	17,363	6,786	2,288	47,607
Additions	30	2,285	2,702	537	5,554
Reclassification	-	8,293	(8,293)	-	-
Disposals	-	(1)	-	(195)	(196)
At 31 March 2014	<u>21,200</u>	<u>27,940</u>	<u>1,195</u>	<u>2,630</u>	<u>52,965</u>
Depreciation					
At 1 April 2013	5,379	10,053	-	1,419	16,851
On disposals	-	(1)	-	(181)	(182)
Charge for the year	1,685	4,663	-	382	6,730
At 31 March 2014	<u>7,064</u>	<u>14,715</u>	<u>-</u>	<u>1,620</u>	<u>23,399</u>
Net book value					
At 31 March 2014	<u>14,136</u>	<u>13,225</u>	<u>1,195</u>	<u>1,010</u>	<u>29,566</u>
At 31 March 2013	<u>15,791</u>	<u>7,310</u>	<u>6,786</u>	<u>870</u>	<u>30,757</u>

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

	Leasehold buildings £'000	Motor vehicles £'000	Total £'000
Net book values			
At 31 March 2014	-	746	746
At 31 March 2013	<u>2,761</u>	<u>769</u>	<u>3,530</u>
Depreciation charge for the year			
At 31 March 2014	<u>256</u>	<u>265</u>	<u>521</u>
At 31 March 2013	<u>308</u>	<u>200</u>	<u>508</u>

Cumulative finance costs capitalised included in the cost of tangible fixed assets amount to £134,000 (2013 - £134,000).

Specialist Computer Centres plc

Notes to the Financial Statements for the Year Ended 31 March 2014 (continued)

13	Fixed asset investments	Shares in subsidiary undertakings £'000
	Cost	
	At 1 April 2013	1,920
	Additions	12,457
	At 31 March 2014	14,377
	Provisions for diminution in value	
	At 1 April 2013 and at 31 March 2014	1,846
	Net book value	
	At 31 March 2014	12,531
	At 31 March 2013	74

In February 2014 the company acquired 100% of the issued share capital of M2 Smile Limited and its wholly owned subsidiary M2 Digital Limited for a consideration of £12.5m

Subsidiary undertakings

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

Company Subsidiary undertakings	Country of incorporation	Principal Activity	Percentage holding %
M2 Smile Limited	England and Wales	Holding company	100
M2 Digital Limited	England and Wales	Print Services	100

14	Stocks	2014 £'000	2013 £'000
	Maintenance stock and spares	953	1,074
	Finished goods and goods for resale	4,172	3,728
		5,125	4,802

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

Specialist Computer Centres plc

Notes to the Financial Statements for the Year Ended 31 March 2014 (continued)

15	Debtors	2014 £'000	2013 £'000
	Trade debtors	167,607	154,709
	Amounts owed by group undertakings	6,404	5,694
	Corporation tax	2,982	2,995
	Other debtors	3,437	2,551
	Prepayments and accrued income	6,378	6,548
	Deferred tax asset	1,501	1,688
		<u>188,309</u>	<u>174,185</u>

The trade debtors act as security for a confidential discounting facility

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

	2014 £'000	2013 £'000
Trade debtors	<u>1,194</u>	<u>1,406</u>

The deferred tax asset is made up as follows:

	£'000
Balance at 1 April 2013	1,688
Profit and loss account	187
Balance at 31 March 2014	<u>1,501</u>

	Not provided		Provided	
	2014 £'000	2013 £'000	2014 £'000	2013 £'000
Decelerated capital allowances	-	-	1,433	1,481
Other timing differences	166	191	-	34
Tax losses available	117	234	68	173
	<u>283</u>	<u>425</u>	<u>1,501</u>	<u>1,688</u>

A deferred tax asset amounting to £117,000 (2013 - £234,000) for excess trading losses arising on a certain trade has not been recognised because it is not sufficiently certain that there will be suitable taxable profits available in the future to utilise the tax losses.

A deferred tax asset has also not been recognised in respect of the impairment of the value of the company's fixed asset investments as there is insufficient evidence that the asset will be recovered. The amount of the asset not recognised is £166,000 (2013 - £191,000). The asset would be recovered if the company sold its fixed asset investment and was able to offset the resulting capital loss against a qualifying capital gain.

Specialist Computer Centres plc

Notes to the Financial Statements for the Year Ended 31 March 2014 (continued)

16	Creditors: amounts falling due within one year	2014 £'000	2013 £'000
	Net obligations under hire purchase contracts	347	2,239
	Trade creditors	179,743	157,123
	Amounts owed to group undertakings	41,932	21,010
	Corporation tax	384	-
	Other taxes and social security costs	12,059	7,626
	Other creditors	2,010	1,175
	Accruals and deferred income	44,973	46,209
	Government Grants	100	103
		281,548	235,485
		2014 £'000	2013 £'000
17	Creditors: amounts falling due after more than one year		
	Net obligations under hire purchase contracts	273	247
	Trade creditors	-	524
	Accruals and deferred income	1,991	2,979
	Government grants	972	1,072
		3,236	4,822
	Net obligations under hire purchase contracts		
	Repayable within one year	347	2,239
	Repayable between one and five years	93	201
	Repayable after five years	180	46
		620	2,486
	Included in liabilities falling due within one year	(347)	(2,239)
		273	247

The obligations under finance leases and hire purchase contracts are secured over motor vehicles.

Specialist Computer Centres plc

Notes to the Financial Statements for the Year Ended 31 March 2014 (continued)

18	Provisions for liabilities		Other £'000
	Balance at 1 April 2013		977
	Utilised in the year		(380)
	Charged to the Profit and Loss Account		305
	Balance at 31 March 2014		<u>902</u>
	Provisions for liabilities and charges comprise onerous lease provisions which will be utilised over periods of between 2 years and 5 years.		
19	Pension and other post-retirement benefit commitments	2014	2013
	Defined contribution	£'000	£'000
	Contributions payable by the company for the year	<u>925</u>	<u>1,274</u>
20	Statement of movements on profit and loss account		£'000
	Balance at 1 April 2013		89,824
	Profit for the year		9,930
	Dividends paid (see note 9)		<u>(17,500)</u>
	Balance at 31 March 2014		<u>82,254</u>
21	Share capital	2014	2013
	Allotted, called up and fully paid	£'000	£'000
	1,000,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
22	Reconciliation of movements in shareholders' funds	2014	2013
		£'000	£'000
	Profit for the financial year	9,930	9,085
	Dividends (see note 10)	<u>(17,500)</u>	<u>-</u>
	Net (depletion in)/addition to shareholders' funds	(7,570)	9,085
	Opening shareholders' funds	<u>90,824</u>	<u>81,739</u>
	Closing shareholders' funds	<u>83,254</u>	<u>90,824</u>

Specialist Computer Centres plc

Notes to the Financial Statements for the Year Ended 31 March 2014 (continued)

23 Financial commitments

At 31 March 2014 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 March 2015:

	Land and buildings		Other	
	2014	2013	2014	2013
	£'000	£'000	£'000	£'000
Operating leases which expire:				
Within one year	563	154	215	406
Between two and five years	1,468	1,817	731	942
In over five years	982	997	-	-
	<u>3,013</u>	<u>2,968</u>	<u>946</u>	<u>1,348</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.

24 Contingent liabilities

There are cross guarantees on the overdrafts of certain undertakings in the group and certain bank loans. At 31 March 2014, the indebtedness of the UK group undertakings amounted to £112,524,000 (2013 - £117,688,000).

25 Related party relationships and transactions

During the prior year, the company traded with Coventry Airport Limited, Patriot Aviation Limited, BIH (Onshore) Limited (formerly London Helicopter Centres Limited), Mallory Court Hotel Limited, Buckland Tout-Saints Hotel Limited, Arden Hotel Investments Limited, Brockencote Hall Limited (formerly Serenity Hotels Limited) and Eden Hotel Collection Limited, companies in which Sir Peter Rigby is a director and was a majority shareholder. These companies were acquired by Rigby Group (RG) plc ("RG") during the prior year.

The company made sales to Coventry Airport Limited during the prior year of £129,000. With effect from 31 March 2013, this company was part of the RG group.

The company sold goods and services in the prior year to Patriot Aviation Limited amounting to £5,000. With effect from August 2012, this company was part of the RG group.

The company sold goods and services in the prior year to BIH (Onshore) Limited (formerly London Helicopter Centres Limited) amounting to £9,000. With effect from August 2012, this company was part of the RG group.

The company made sales to Mallory Court Hotel Limited during the prior year of £75,000. With effect from March 2013, this company was part of the RG group.

The company sold goods and services in the prior year to Buckland Tout-Saints Hotel Limited amounting to £3,000. With effect from 31 March 2013, this company was part of the RG group.

Specialist Computer Centres plc

Notes to the Financial Statements (continued) for the Year Ended 31 March 2014

The company purchased goods and services from Arden Hotel Investments Limited during the prior year of £2,000 and made sales of £41,000. With effect from 31 March 2013, this company was part of the RG group.

The company sold goods and services in the prior year to Brokencote Hall Hotel Limited (formerly Serenity Hotels Limited) amounting to £5,000. With effect from 31 March 2013, this company was part of the RG group.

The company sold goods and services in the prior year to Eden Hotel Collection Limited amounting to £35,000. With effect from 31 March 2013, this company was part of the RG group.

26 Control

Ultimate parent undertaking

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

The results of SCH Corporate Services Limited are consolidated into those of Rigby Group (RG) plc, registered in England and Wales, whose principal place of business is at Bridgeway House, Stratford Upon Avon, Warwickshire, CV37 6YX. 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, Stratford Upon Avon, Warwickshire, CV37 6YX.

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

Ultimate controlling body

Sir Peter Rigby, a director of Rigby Group (RG) plc, controlled the company as a result of beneficially holding 75% of the issued ordinary share capital of Rigby Group (RG) plc, the ultimate parent undertaking.